LABOUR PROGRAM

Workplace gazette

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An Industrial Relations Quarterly

Winter 2003

- First Nations Policing and Collective Bargaining—Working Together
- Local Requirements for a Multinational Enterprise—The Case of Fleischmann's Yeast, the Montréal Factory
- Subcontracting in the Manufacturing Sector—A Quebec-Ontario Comparison

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AT A GLANCE

The *Workplace Gazette* presents a wide range of information and analysis to meet the ever-changing needs of the industrial relations community. Its purpose is to provide a sound base for research in support of the bargaining process.

The *Workplace Gazette* includes information and analysis on wage adjustments, collective agreement provisions, innovative workplace practices, work stoppages, upcoming key negotiations and other related topics.

The Winter 2003 issue includes third quarter data for 2003 on wage adjustments in major collective agreements, both current and historical, by public and private sectors, by region, by jurisdiction and by major industry. Also, included is a listing of major settlements reached in the third quarter 2003; highlights from our annual collective bargaining forecast as well as information on work stoppages for the third and second quarters of 2003. An overview of selected provisions highlights direct compensation in collective agreements. Innovative practices in the workplace resulting from collective bargaining are summarized.

An overview of ongoing Labour-Management Partnerships Program initiatives is described and a report on First Nations policing and collective bargaining is featured. A case study by M. Brossard focuses on local requirements for a multi-national enterprise as described at Fleischmann's Yeast in the Montréal factory. Finally an empirical study by P. Jalette compares subcontracting practices in the manufacturing sector in the provinces of Quebec and Ontario.

Recent changes in Canadian Labour Laws focus on adopted bills, regulations and other statutory instruments. The Departmental Library is offering reading material on mental health in the Workplace.

Finally, Yesterday and Today looks at older workers.

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MAJOR WAGE SETTLEMENTS*

Third Quarter 2003

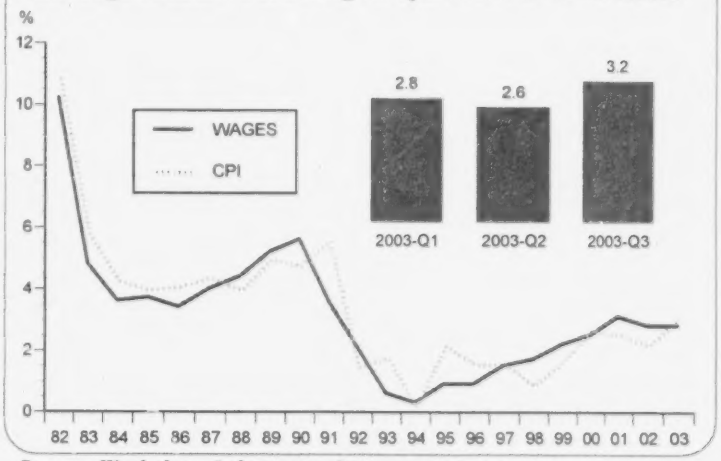
Summary

- Major collective bargaining settlements reached in **the third quarter 2003** provided base-rate wage increases averaging **3.2 per cent** annually over the contract term. This is higher than the 2.6 per cent figure recorded in the previous quarter and 2.8 per cent for the year 2002 as a whole. The third quarter 2003 results are based on a review of 44 settlements reached in the period, with a coverage of 125,110 employees.

- When the parties to the third quarter settlements previously negotiated, contract duration averaged 32.6 months, and the resulting wage adjustments averaged 2.7 per cent, compared to 3.2 per cent in the current round of settlements and an average contract duration of 40.9 months.

Chart A

Major Wage Settlements
Average Annual Percentage Adjustment in Base Rates



Source: Workplace Information Directorate.

Public and Private Sectors

In the third quarter 2003, the majority of agreements settled (70.5%) and employees covered (88.4%) were in the public sector. Wage increases in the **public sector** averaged **3.3 per cent** for 110,560 employees in 31 agreements and in the **private sector, 2.4 per cent** for 14,550 employees in 13 agreements. The private-sector figure was more moderate due in part to such contracts as the INCO settlement in Sudbury, Ontario, with 3,400 employees (almost one-quarter of the employee coverage) receiving

* Major settlements are those involving bargaining units of 500 or more employees. All wage rate adjustments over the term of these agreements, including those arising from cost-of-living clauses (COLA), are taken into account. The yield of such COLA clauses is estimated on an assumed 2.0 per cent annual increase in the Consumer Price Index.

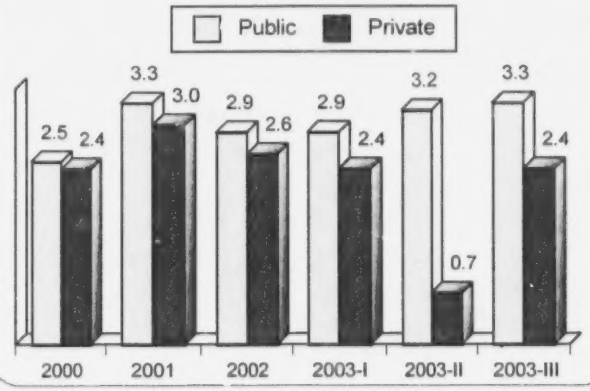
wage gains averaging 2.1 per cent, and the agreement between the Greater Vancouver Hotel Employees Association and 1,240 hospitality employees for wage increases averaging 1.8 per cent.

Region/Jurisdiction

The largest concentration of employees (approximately half of employee coverage) in third quarter settlements was in the Federal jurisdiction; eight major agreements covering 63,220 employees averaged wage gains of 3.1 per cent. This includes the Canada Post settlement providing 48,000 letter carriers, inside workers and technical employees with wage increases averaging 3.0 per cent; this single agreement alone accounts for 38.4 per cent of all employees covered in third quarter settlements.

Chart B

Major Wage Settlements by Public/Private Sectors
Average Annual Percentage Adjustment in Base Rates



Source: Workplace Information Directorate.

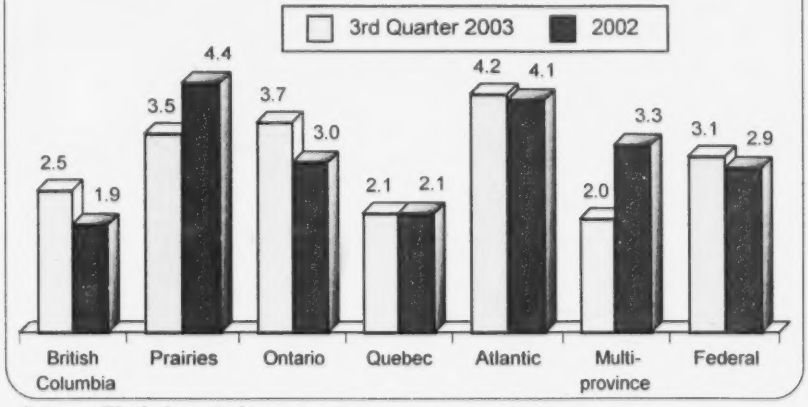
The largest average increase by region was recorded in **Atlantic Canada** at **4.2 per cent.** This was mainly due to the agreement between Memorial University in Newfoundland and 780 members of faculty for wage gains averaging 5.0 per cent. The smallest increase was in the **Multiprovince** jurisdiction where a single agreement (Pipe Line Contractors Association) averaged an increase of **2.0 per cent.**

Industries

On an industry basis, the largest increase in the third quarter was in the **education, health and social services** sector, with 12 agreements providing 4,240 employees with wage gains averaging **4.3 per cent.** The second largest wage increase at **3.4 per cent** was recorded in **public administration.** The smallest average wage gain at **1.8 per cent**, was in the **entertainment and hospitality** sector, a single agreement covering 1,240 hospitality workers with the Greater Vancouver Hotel Employees Associa-

Chart C

Major Wage Settlements by Region/Jurisdiction
Average Annual Percentage Adjustment in Base Rates

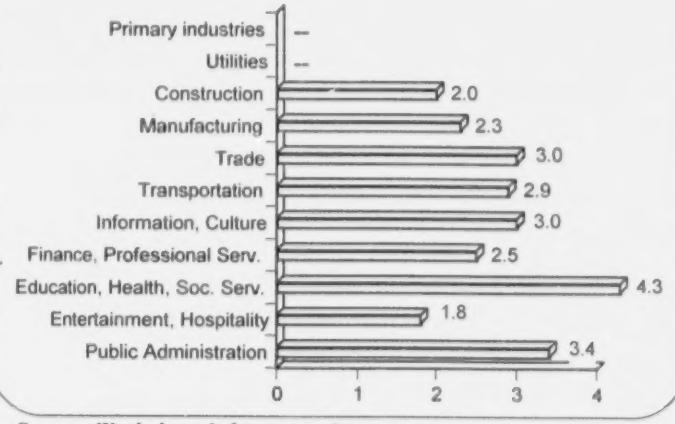


Source: Workplace Information Directorate.

tion. The largest concentration of employees (45.6 % of all employees) was recorded in **the transportation** sector (the Canada Post); wage increases in this sector averaged **2.9 per cent** for 57,080 employees in six agreements. The remaining average wage increases for various industries are itemized in the adjoining chart.

Chart D

Major Wage Settlements by Industry
Average Annual Percentage Adjustment in Base Rates



Source: Workplace Information Directorate.

Wage Distribution

In the third quarter 2003, for 59.3 per cent of all employees, wage increases fell in the 3.0 to 3.9 per cent range, compared to 23.6 per cent of employees receiving increases in that range last year.

At the upper end of the wage-gain scale, 17.5 per cent of all employees in third-quarter 2003 settlements received wage increases of 4.0 per cent or more. At the lower end, 23 per cent of all employees received wage increases below 3.0 per cent.

In the **public sector,** the majority of employees (65 %) received increases in the 3.0 to 3.9 per cent range whereas in the **private sector,** the majority of employees (71.3 %) received increases in the 2.0 to 2.9 per cent range.

Distribution of Agreements and Employees by Range of Wage Adjustments

	Agreements		Employees	
Adjustment Range	Number	Percentage	Number	Percentage
1.0% to 1.9%	4	9.1	7,690	6.1
2.0% to 2.9%	13	29.5	21,190	16.9
3.0% to 3.9%	20	45.5	74,200	59.3
4.0% to 4.9%	4	9.1	16,570	13.2
5.0% to 5.9%	1	2.3	780	0.6
6.0% to 6.9%	2	4.5	4,680	3.7
ALL LEVELS	44	100.0	125,110	100.0

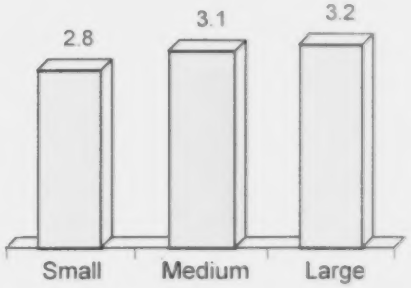
Note: Due to rounding, percentages may not always equal 100 per cent.

Source: Workplace Information Directorate.

Wage Data for the Third Quarter 2003 for Small, Medium and Large Bargaining Units

Among the 72 collective bargaining settlements reached in the third quarter of 2003, 28 settlements were in small bargaining units (between 100 and 499 employees), 31 were in medium bargaining units (500 to 1,999 employees), and 13 were in large bargaining units with 2,000 employees or more.

Chart E
Average Annual Adjustment by Size of Bargaining Units, Third Quarter 2003



Source: Workplace Information Directorate.

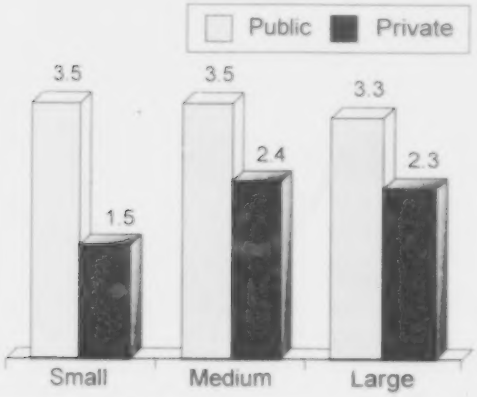
SMALL bargaining units reported an average increase of **2.8 per cent. Public sector** settlements provided an average increase of **3.5 per cent,** much higher than the **private sector** wage adjustment of **1.5 per cent.** On an industry basis, the **education, health and social services** sector had the highest wage adjustment at **4.1 per cent** while **entertainment and hospitality** and **wholesale and retail trade** sectors reported the lowest average at **1.2 per cent.** On a regional/jurisdictional basis, average increases ranged from a high of **3.8 per cent** in **Ontario** to a low of **1.9 per cent** in the **Federal** jurisdiction.

MEDIUM bargaining units reported a third quarter average wage increase of **3.1 per cent. Public sector** settlements resulted in an average increase of **3.5 per cent,** compared to the **private sector** figure of **2.4 per cent.** On an industry basis, the **education, health and social services** sector had the highest wage adjustment at **4.0 per cent** while **entertainment and hospitality** reported the lowest average at **1.8 per cent.** On a regional/jurisdictional basis, average increases ranged from a high of **4.2 per cent** in the **Atlantic Provinces** to a low of **2.0 per cent** in the **Muliprovince** category.

LARGE bargaining units reported a wage increase of **3.2 per cent.** Settlements in the **public sector** provided an average increase of **3.3 per cent** while the **private sector** resulted in an average low of **2.3 per cent.** On an industry basis, the **education, health and social services** sector had the highest wage adjustment at **4.4 per cent** while the **manufacturing** sector reported the lowest increase at **2.1 per cent.** On a regional/jurisdictional basis, average increases ranged from a high of **3.8 per cent** in the **Prairie Provinces** to a low of **1.8 per cent** in **Quebec.**

Chart F

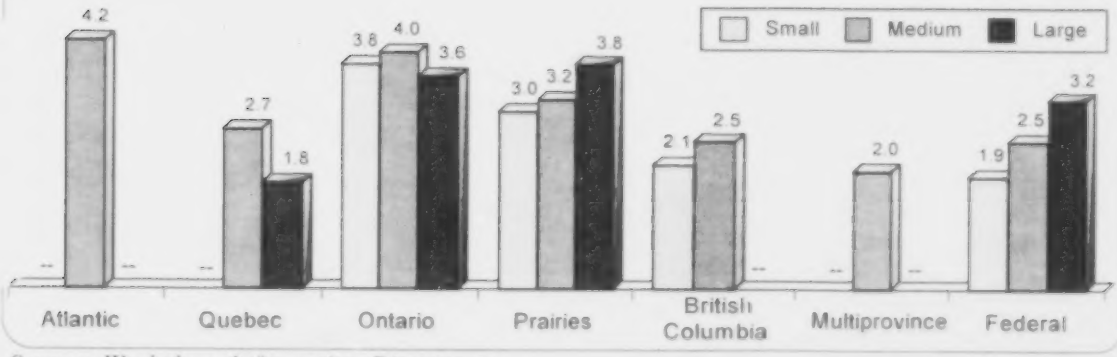
Average Annual Adjustment by Size of Bargaining Units, by Public/Private Sectors, Third Quarter 2003



Source: Workplace Information Directorate.

Chart G

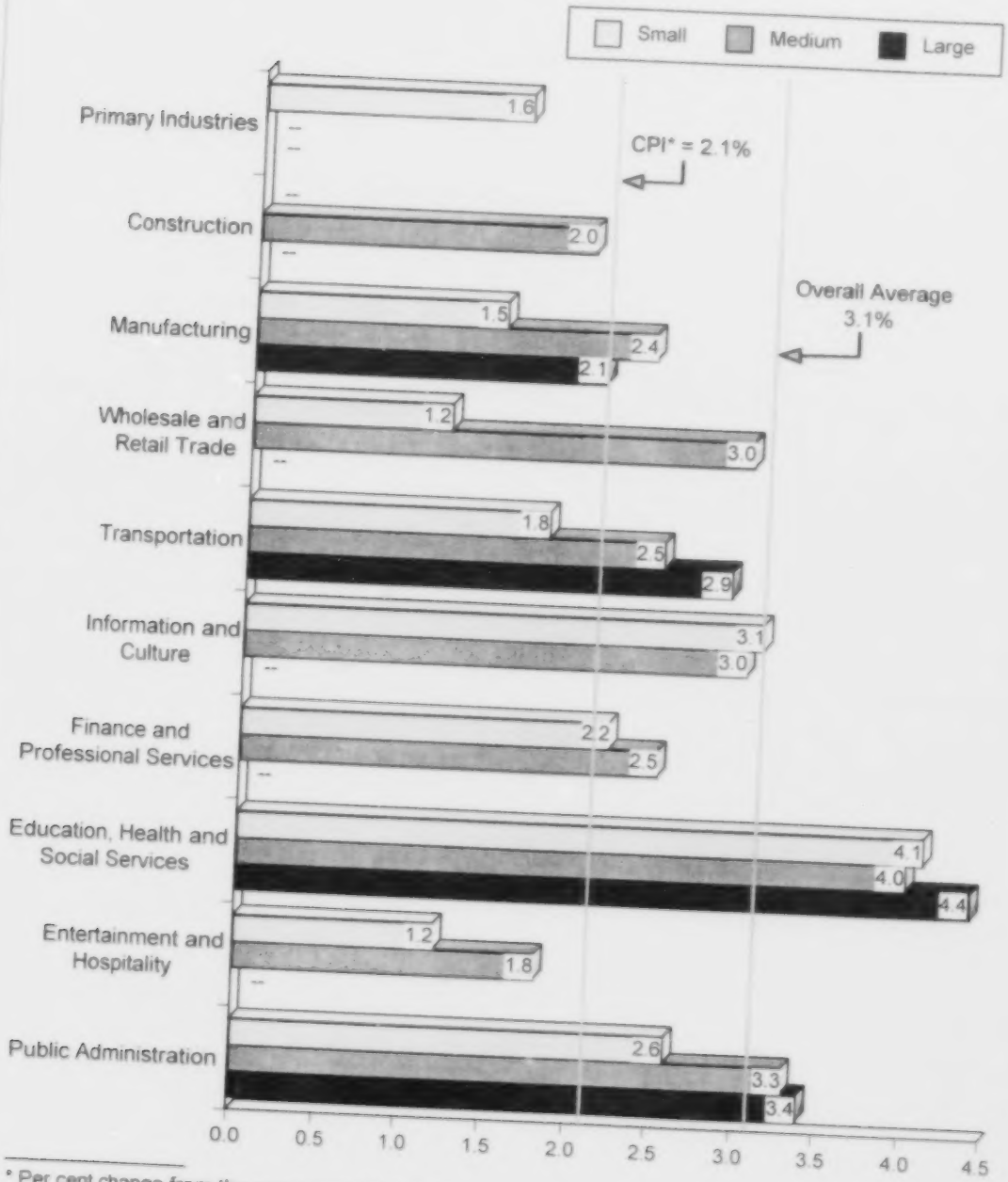
Average Annual Percentage Adjustment by Size of Bargaining Units, by Region/Jurisdiction, Third Quarter 2003



Source: Workplace Information Directorate.

Chart H

Average Annual Percentage Adjustment by Size of Bargaining Units, by Industry, Third Quarter 2003



* Per cent change from the same period last year.

Source: Workplace Information Directorate.

COLLECTIVE BARGAINING FORECAST—2004

In December of each year, the Workplace Information Directorate undertakes an exercise to estimate the wage outcomes of collective bargaining for the coming year.

The forecast data are developed using internal and external expertise and individual forecasts are aggregated and weighted based on employee coverage for major collective agreements (500 or more employees) likely to be settled in 2004.

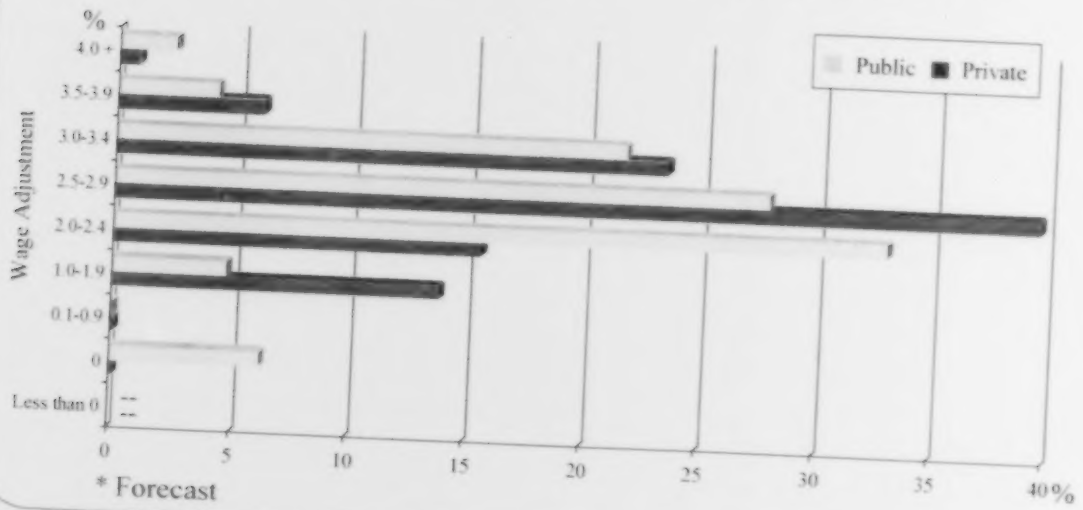
Highlights of 2004 Forecast

Overall wage adjustment	2.4%	Number of major agreements to settle	506
• Private sector	2.5%	Number of employees covered	1,383,830
• Public sector	2.4%	Projected Consumer Price Index	2.0%

Forecast Wage Adjustment by Industry Group

Primary Industries	2.2%	Information and Culture	2.3%
Utilities	2.7%	Finance and Professional Services	1.5%
Construction	2.8%	Education, Health and Social Services	2.3%
Manufacturing	2.2%	Entertainment and Hospitality	2.7%
Wholesale and Retail Trade	1.7%	Public Administration	2.7%
Transportation	2.5%		
		All Industries	**2.4%**

Forecast Distribution of Employees by Size of Wage Adjustment—2004*



* Forecast

Source: Workplace Information Directorate.

Other Forecasts

Organizations	*Forecast Average Increases*	
The Conference Board of Canada[1]	Unionized 2.6%	- -
Groupe-conseil Aon[2]	Hourly Unionized 3.0%	Hourly Non-Unionized 3.0%
HayGroup	Unionized 2.2-3.6%	Non-Unionized 2.4-3.5%
Hewitt and Gestion-conseil Loran[2]	Unionized 2.9%	Hourly Paid 3.2%
Morneau Sobeco[2]	Hourly Unionized 2.7%	Hourly Non-Unionized 3.0%
Société conseil Mercer[2]	Hourly Paid 3.0%	- -
Saucier Conseil	Unionized 2.6-2.9%	Non-Unionized 3.0-3.4%
Towers Perrin[2]	Salaried Non-Unionized 3.0%	- -
Watson Wyatt[2]	Hourly Paid 3.2%	Office 3.2%
Institut de la statistique du Québec[3]	Unionized 2.3%	Unionized Public Administration 2.0%

[1] Conference Board of Canada. *Compensation Planning Outlook 2004: Real Wage Gains Expected*. Fall 2003.

[2] Quebec Association of Human Resources and Industrial Relations Professionals. *Planned Compensation Increase Forecast 2004*. Website Portal RHRI 2003.

[3] Institut de la statistique du Québec. *Travail et rémunération : rémunération des salariés, État et évolution comparés*, November 2003.

Major Settlements Reached in the Third Quarter 2003

Industry and Employer	No. of Employees	Average Annual Adjustment	First Year Adjustment	Duration (months)	Expiry Date YY-MM-DD
Construction (1 agreement)	**800**	**2.0**	**1.6**	**60.0**	
Pipe Line Contractors Association of Canada, welders, Canada-wide	800	2.0	1.6	60	2008-04-30
Manufacturing (6 agreements)	**6,790**	**2.3**	**2.8**	**45.5**	
Canadian Forest Products Ltd., Northwood Pulp Mill, mill employees, Prince George, B.C.	500	2.2	2.5	60	2008-04-30
Goodyear Canada Inc., plant and maintenance employees, Valleyfield, Que.	940	3.0*	3.7	36	2005-06-30
Howe Sound Pulp and Paper Limited, mill employees, Port Mellon, B.C.	500	2.2	2.5	60	2008-04-30
INCO Limited, smelting and refinery employees, Sudbury, Ont.	3,400	2.1*	3.0	36	2006-05-31
La Brasserie Labatt Limitée, plant and maintenance employees, Lasalle, Que.	850	2.1	1.9	84	2009-12-31
Maple Leaf Poultry—Member of Maple Leaf Foods Inc., production employees, Toronto, Ont.	600	2.3	2.4	36	2005-09-23
Wholesale and Retail Trade (2 agreements)	**1,350**	**3.0**	**3.4**	**60.6**	
Corporation des concessionnaires d'automobiles de la région de Québec, mechanics, Québec, Que.	850	3.0*	3.5	75	2009-02-11
Zellers Inc., warehouse employees, Toronto and Brampton, Ont.	500	3.2	3.3	36	2006-05-31
Transportation (6 agreements)	**57,080**	**2.9**	**2.8**	**47.6**	
Canada Post Corporation, mail carriers, Canada-wide	48,000	3.0*	3.0	48	2007-01-31
City of Winnipeg, bus drivers, Winnipeg, Man.	1,140	3.0	3.0	36	2006-01-11
Greater Toronto Airports Authority, office and clerical employees, Toronto, Ont.	650	1.8*	1.5	36	2006-07-31
Greyhound Canada Transportation Corporation, bus drivers, system-wide	1,420	2.5	2.0	48	2006-12-31
Montréal Transit Commission, bus drivers, Montréal, Que.	3,570	1.7*	0.0	48	2007-01-07
NAV CANADA, air traffic controllers, Canada-wide	2,300	2.7	2.5	48	2005-03-31
Information and Culture (1 agreement)	**700**	**3.0**	**3.5**	**24.0**	
Canadian Broadcasting Corporation, administrative services employees, province-wide	700	3.0	3.5	24	2005-09-25
Finance and Professional Services (2 agreements)	**2,430**	**2.5**	**2.5**	**29.7**	
National Research Council of Canada, scientific and other professionals, Canada-wide	1,280	2.5	2.5	24	2004-07-19
National Research Council of Canada, technical employees, Canada-wide	1,150	2.5	2.5	36	2005-02-13

* Agreement with cost-of-living allowances (COLA) calculated at a projected 2.0 per cent inflation rate.

Industry and Employer	No. of Employees	Average Annual Adjustment	First Year Adjustment	Duration (months)	Expiry Date YY-MM-DD
Education, Health and Social Services (12 agreements)	**24,240**	**4.3**	**4.2**	**24.8**	
Dufferin-Peel Catholic District School Board, elementary teachers, Mississauga, Ont.	3,040	6.6	6.6	12	2004-08-31
Dufferin-Peel Catholic District School Board, secondary teachers, Mississauga, Ont.	1,640	6.6	6.6	12	2004-08-31
EMC Emergency Medical Care Incorporated, para-medical professional employees, province-wide, N.S.	660	3.3	3.2	36	2005-03-31
Louis Riel School Division, elementary and secondary teachers, Winnipeg, Man.	1,100	3.0	3.0	24	2004-06-30
Memorial University of Newfoundland, professors, St. John's, Nfld. and Labrador	780	5.0	5.0	36	2005-08-31
Ontario Hospital Association, laboratory technicians, province-wide, Ont.	6,170	3.5	3.5	24	2004-03-31
Regional Health Authorities of Manitoba, para-medical technical employees, province-wide, Man.	3,300	4.5	5.0	36	2006-03-31
Toronto Catholic District School Board, elementary teachers, Toronto, Ont.	4,020	4.0	3.0	24	2004-08-31
University of Saskatchewan, professors, Saskatoon, Sask.	1,000	3.1	3.0	36	2005-06-30
University of Windsor, teaching assistants, Windsor, Ont.	630	3.0	3.0	12	2004-08-31
Upper Canada District School Board, office and clerical employees, Brockville, Ont.	1,140	3.0	3.0	36	2005-08-31
York Region District School Board, service and maintenance employees, Aurora, Ont.	760	3.2	3.3	24	2005-08-31
Entertainment and Hospitality (1 agreement)	**1,240**	**1.8**	**1.0**	**48.0**	
Greater Vancouver Hotel Employer's Association, service and maintenance employees, Vancouver, B.C.	1,240	1.8	1.0	48	2007-06-30
Public Administration (13 agreements)	**30,480**	**3.4**	**4.2**	**39.9**	
City of Burnaby, inside employees, Burnaby, B.C.	1,410	2.6*	2.5	48	2006-12-31
City of Calgary, firefighters, Calgary, Alta.	990	3.3	3.5	24	2003-12-31
City of Calgary, outside employees, Calgary, Alta.	2,530	3.3	3.0	36	2005-12-25
City of Coquitlam, inside and outside employees, Coquitlam, B.C.	980	2.6*	2.5	48	2006-12-31
City of Edmonton, inside employees, Edmonton, Alta.	2,500	3.3	3.0	36	2005-12-24
City of Edmonton, outside employees, Edmonton, Alta.	1,780	3.3	3.0	36	2005-12-24
City of Montréal, firefighters, Montréal, Que.	2,230	1.8	2.0	60	2006-12-31
City of Ottawa, inside and outside employees, Ottawa, Ont.	6,000	2.8	2.5	48	2004-12-31
Government of Canada, scientific and other professionals, Canada-wide	7,720	4.2	7.8	36	2005-09-30
Hamilton Police Services, police officers, Hamilton, Ont.	720	3.6	3.9	36	2005-12-31

* Agreement with cost-of-living allowances (COLA) calculated at a projected 2.0 per cent inflation rate.

Industry and Employer	No. of Employees	Average Annual Adjustment	Average First Year Adjustment	Duration (months)	Expiry Date YY-MM-DD
Public Administration (continued)					
Regional Municipality of Peel Police Services Board, police officers, Brampton, Ont.	1,530	4.2	4.2	12	2003-12-31
Regional Municipality of York Police Services Board, police officers, Newmarket, Ont.	930	3.6	3.9	36	2005-12-31
Vancouver Police Board, police officers, Vancouver, B.C.	1,160	3.3*	3.8	48	2006-12-31
Agreements with COLA (9 agreements)	**60,960**	**2.9***	**2.8**	**47.4**	
Agreements without COLA (35 agreements)	**64,150**	**3.6**	**3.9**	**34.8**	
All Agreements (44 agreements)	**125,110**	**3.2**	**3.4**	**40.9**	

* Agreement with cost-of-living allowances (COLA) calculated at a projected 2.0 per cent inflation rate.

Source: Workplace Information Directorate.

Calendars of Collective Agreements Expiries and Reopeners

Coming soon, the 2004 Calendar listings for
MAJOR and SMALL Bargaining Units

2003 Calendar of Major Bargaining Units is available on the Workplace Information Directorate Web site at

http://labour.hrdc-drhc.gc.ca/doc/wid-dimt/eng/expreo.cfm/.

Table 1

Major Wage Settlements—All Sectors by Year and Quarter

		Number of Agreements	Number of Employees	Duration in Months	% Wage Adjustment
YEAR					
1984		559	1,156,230	21.1	3.6
1985		516	838,620	24.5	3.7
1986		553	1,121,456	25.6	3.4
1987		478	1,111,330	29.9	4.0
1988		542	1,182,742	25.3	4.4
1989		453	1,001,786	29.6	5.2
1990		507	1,146,353	28.4	5.6
1991		547	1,345,643	18.2	3.6
1992		496	1,306,765	24.3	2.1
1993		518	1,412,471	23.9	0.7
1994		434	942,583	28.4	0.3
1995		402	908,803	32.8	0.9
1996		378	810,415	32.6	0.9
1997		379	692,219	33.9	1.5
1998		412	938,310	31.9	1.7
1999		379	828,140	36.0	2.2
2000		406	1,081,270	34.8	2.5
2001		428	992,630	33.4	3.2
2002		368	985,930	29.0	2.8
2003*		264	471,960	34.2	2.8
* Year-to-Date					
QUARTER					
2002	I	67	210,420	35.0	2.9
	II	130	454,300	21.9	2.6
	III	90	183,830	37.5	2.8
	IV	81	137,380	31.9	3.3
2003	I	87	107,650	31.3	2.8
	II	133	239,200	32.0	2.6
	III	44	125,110	40.9	3.2

Table 2

Major Wage Settlements—Public and Private Sectors by Year and Quarter

	Public Sector				Private Sector			
	Number of Agreements	Number of Employees	Duration in Months	% Wage Adjusment	Number of Agreements	Number of Employees	Duration in Months	% Wage Adjusment
YEAR								
1984	276	635,190	17.0	3.9	283	521,040	26.1	3.2
1985	316	566,785	21.7	3.8	200	271,835	30.1	3.3
1986	321	709,241	25.3	3.6	232	412,215	26.0	3.0
1987	270	824,298	29.4	4.1	208	287,032	31.4	3.8
1988	301	698,603	24.0	4.0	241	484,139	27.2	5.0
1989	294	736,003	30.0	5.2	159	265,783	28.6	5.2
1990	283	677,830	27.4	5.6	224	468,523	29.7	5.7
1991	365	1,121,668	16.0	3.4	182	223,975	29.2	4.4
1992	301	975,874	21.7	2.0	195	330,891	32.2	2.6
1993	347	1,012,003	23.4	0.6	171	400,468	25.2	0.8
1994	299	719,824	26.5	0.0	135	222,759	34.5	1.2
1995	215	629,625	31.5	0.6	187	279,178	35.9	1.4
1996	212	564,293	31.7	0.5	166	246,122	34.7	1.7
1997	220	370,325	30.3	1.1	159	321,894	38.1	1.8
1998	221	646,270	31.1	1.6	191	292,040	33.7	1.8
1999	219	510,590	35.0	2.0	160	317,550	37.6	2.7
2000	303	917,990	33.5	2.5	103	163,280	41.8	2.4
2001	259	691,930	31.9	3.3	169	300,700	36.7	3.0
2002	259	771,830	26.0	2.9	109	214,100	39.9	2.6
2003*	196	372,750	32.0	3.2	68	99,210	42.7	1.4
* Year-to-Date								
QUARTER								
2002 I	48	176,580	34.7	3.1	19	33,840	36.3	2.1
II	104	404,930	19.9	2.7	26	49,370	38.0	2.5
III	47	100,680	31.0	3.2	43	83,150	45.5	2.4
IV	60	89,640	30.5	3.3	21	47,740	34.5	3.5
2003 I	63	81,160	28.3	2.9	24	26,490	40.8	2.4
II	102	181,030	28.7	3.2	31	58,170	42.2	0.7
III	31	110,560	40.0	3.3	13	14,550	48.1	2.4

Table 3

Wage Adjustment—All Sectors
Region/Jurisdiction by Year and Quarter

	2001	2002	2002–2003 4	2002–2003 1	2002–2003 2	2002–2003 3
	%	%	%	%	%	%
Canada	3.2	2.8	3.3	2.8	2.6	3.2
Atlantic	3.9	4.1	2.7	3.1	3.5	4.2
Newfoundland and Labrador	5.0	6.6	5.0	3.0	-	5.0
Prince Edward Island	3.1	4.9	-	3.6	-	-
Nova Scotia	3.7	2.4	2.5	3.4	3.1	3.3
New Brunswick	3.4	2.7	2.3	2.3	3.8	-
Quebec	2.8	2.1	2.0	1.8	2.4	2.1
Ontario	2.9	3.0	3.4	3.1	3.6	3.7
Prairies	4.3	4.4	4.0	3.4	2.3	3.5
Manitoba	2.4	4.0	3.2	3.1	2.0	3.9
Saskatchewan	2.9	3.9	3.8	3.6	2.6	3.1
Alberta	5.1	5.0	4.1	3.5	2.4	3.3
British Columbia	3.1	1.9	2.0	2.3	1.5	2.5
Territories	3.1	3.0	3.1	-	2.5	-
Multiprovince	3.0	4.3	-	-	2.8	2.0
Federal	3.0	2.9	3.2	2.1	0.8	3.1

Table 4

Wage Adjustment—Public and Private Sectors
Region/Jurisdiction by Year and Quarter

	2001	2002	2002–2003 4	2002–2003 1	2002–2003 2	2002–2003 3
	%	%	%	%	%	%
PUBLIC SECTOR						
Canada	3.3	2.9	3.3	2.9	3.2	3.3
Atlantic	4.0	4.3	3.1	3.2	-	4.2
Newfoundland and Labrador	5.0	7.2	5.0	4.0	-	5.0
Prince Edward Island	3.1	4.9	-	-	-	-
Nova Scotia	3.8	2.3	2.5	3.4	-	3.3
New Brunswick	3.5	3.0	3.2	2.3	-	-
Quebec	2.7	2.0	2.2	1.4	2.3	1.8
Ontario	3.0	2.9	3.0	3.2	3.6	4.0
Prairies	4.1	4.8	4.1	3.3	3.3	3.5
Manitoba	2.4	4.6	3.2	3.1	3.0	3.9
Saskatchewan	2.9	4.4	4.2	3.6	-	3.1
Alberta	5.0	5.2	4.1	3.5	3.4	3.3
British Columbia	3.2	2.2	-	2.3	1.5	2.9
Territories	3.1	3.0	3.1	-	2.5	-
Multiprovince	-	-	-	-	-	-
Federal	3.1	2.9	3.4	2.8	2.6	3.2
PRIVATE SECTOR						
Canada	3.0	2.6	3.5	2.4	0.7	2.4
Atlantic	3.3	2.7	0.5	2.8	3.5	-
Newfoundland and Labrador	-	3.0	-	2.7	-	-
Prince Edward Island	-	-	-	3.6	-	-
Nova Scotia	3.3	4.0	-	-	3.1	-
New Brunswick	3.0	1.4	0.5	-	3.8	-
Quebec	2.8	2.5	1.7	2.2	2.9	2.7
Ontario	2.8	3.2	4.1	2.7	2.4	2.3
Prairies	4.9	1.6	1.8	3.8	1.1	-
Manitoba	2.5	1.3	-	-	0.3	-
Saskatchewan	3.3	1.6	1.8	-	2.6	-
Alberta	5.5	2.3	-	3.8	1.1	-
British Columbia	1.7	1.4	2.0	-	1.7	2.0
Territories	-	-	-	-	-	-
Multiprovince	3.0	4.3	-	-	2.8	2.0
Federal	2.5	2.8	3.1	1.8	-0.4	2.5

Table 5

Major Wage Settlements—Industry Division by Year and Quarter

	2001	2002	2002–2003 4	1	2	3
All Industries						
Number of Agreements	428	81	81	87	133	44
Number of Employees	992,630	137,380	137,380	107,650	239,200	125,110
Duration in Months	33.4	31.9	31.9	31.3	32.0	40.9
% Wage Adjustment	3.2	3.3	3.3	2.8	2.6	3.2
Primary Industries						
Number of Agreements	6	-	-	1	1	-
Number of Employees	6,350	-	-	680	730	-
Duration in Months	43.1	-	-	36.0	36.0	-
% Wage Adjustment	2.7	-	-	1.5	3.8	-
Utilities						
Number of Agreements	14	4	4	2	7	-
Number of Employees	22,290	2,550	2,550	1,630	19,620	-
Duration in Months	35.5	33.2	33.2	24.0	32.8	-
% Wage Adjustment	2.5	3.4	3.4	3.9	2.2	-
Construction						
Number of Agreements	65	-	-	-	2	1
Number of Employees	194,070	-	-	-	1,110	800
Duration in Months	35.2	-	-	-	37.4	60.0
% Wage Adjustment	3.2	-	-	-	2.4	2.0
Manufacturing						
Number of Agreements	51	13	13	13	13	6
Number of Employees	45,420	30,920	30,920	13,520	10,900	6,790
Duration in Months	40.1	37.9	37.9	36.2	43.5	45.5
% Wage Adjustment	2.6	4.0	4.0	2.4	2.4	2.3
Wholesale and Retail Trade						
Number of Agreements	7	1	1	-	6	2
Number of Employees	5,580	1,200	1,200	-	12,280	1,350
Duration in Months	51.9	36.0	36.0	-	53.1	60.6
% Wage Adjustment	1.6	1.8	1.8	-	1.0	3.0

Table 5 (continued)

Major Wage Settlements—Industry Division by Year and Quarter

	2001	2002	2002–2003 4	1	2	3
Transportation						
Number of Agreements	29	12	3	7	5	6
Number of Employees	41,650	29,680	9,800	9,110	37,110	57,080
Duration in Months	37.9	32.5	23.5	43.6	39.6	47.6
% Wage Adjustment	2.8	2.9	3.2	2.5	0.3	2.9
Information and Culture						
Number of Agreements	7	7	-	3	3	1
Number of Employees	10,080	19,610	-	4,120	3,550	700
Duration in Months	37.4	35.8	-	40.0	42.1	24.0
% Wage Adjustment	3.2	3.0	-	1.4	2.9	3.0
Finance and Professional Services						
Number of Agreements	13	8	4	1	2	2
Number of Employees	15,550	12,560	2,540	1,180	1,320	2,430
Duration in Months	37.0	55.2	50.9	36.0	41.3	29.7
% Wage Adjustment	2.2	2.1	3.5	2.7	2.0	2.5
Education, Health and Social Services						
Number of Agreements	170	177	40	51	83	12
Number of Employees	404,710	502,020	54,190	68,610	118,830	24,240
Duration in Months	30.7	23.3	26.9	28.0	24.2	24.8
% Wage Adjustment	3.5	3.0	3.4	2.9	3.4	4.3
Entertainment and Hospitality						
Number of Agreements	4	13	2	3	1	1
Number of Employees	6,350	11,300	1,500	3,010	520	1,240
Duration in Months	36.0	43.9	43.6	36.0	36.0	48.0
% Wage Adjustment	4.0	2.4	2.2	3.3	3.3	1.8
Public Administration						
Number of Agreements	62	55	14	6	10	13
Number of Employees	240,580	230,840	34,680	5,790	33,230	30,480
Duration in Months	33.1	30.2	34.6	31.9	37.5	39.9
% Wage Adjustment	3.1	2.6	2.9	2.7	2.8	3.4

Table 6

Major Wage Settlements—Public Sector Breakdown by Year and Quarter

	2001	2002	2002–2003 4	1	2	3
Federal Administration						
Number of Agreements	17	2	2	-	1	3
Number of Employees	131,490	3,090	3,090	-	10,500	10,150
Duration in Months	34.1	33.9	33.9	-	32.0	34.5
% Wage Adjustment	3.0	3.4	3.4	-	2.4	3.8
Federal Crown Corporations						
Number of Agreements	7	-	-	1	2	2
Number of Employees	9,080	-	-	1,770	8,030	48,700
Duration in Months	36.7	-	-	9.0	43.8	47.7
% Wage Adjustment	3.7	-	-	2.5	2.9	3.0
Provincial Administration						
Number of Agreements	26	3	3	6	3	-
Number of Employees	86,200	3,760	3,760	9,740	8,380	-
Duration in Months	35.5	27.2	27.2	34.2	35.0	-
% Wage Adjustment	3.5	2.4	2.4	2.9	3.8	-
Local Administration						
Number of Agreements	28	12	12	5	9	14
Number of Employees	38,300	29,550	29,550	5,760	17,740	27,470
Duration in Months	27.6	35.4	35.4	34.7	41.5	41.9
% Wage Adjustment	2.6	3.0	3.0	2.9	2.7	2.9
Education, Health and Welfare						
Number of Agreements	168	39	39	50	82	12
Number of Employees	402,120	50,690	50,690	63,110	118,130	24,240
Duration in Months	30.4	27.5	27.5	27.4	24.2	24.8
% Wage Adjustment	3.5	3.5	3.5	2.9	3.4	4.3
Public Utilities						
Number of Agreements	13	4	4	1	5	-
Number of Employees	24,740	2,550	2,550	780	18,250	-
Duration in Months	37.4	33.2	33.2	24.0	34.0	-
% Wage Adjustment	2.8	3.4	3.4	4.0	2.2	-

Table 7

Selected Economic Indicators by Year and Quarter

	2001	2002	2002–2003 4	1	2	3
Wage Adjustment (%)						
Ratified Agreements	3.2	2.8	3.3	2.8	2.6	3.2
Public Sector	3.3	2.9	3.3	2.9	3.2	3.3
Private Sector	3.0	2.6	3.5	2.4	0.7	2.4
Wage Adjustment (%)						
Agreements in Force	2.8	3.0	2.9	2.6	2.7	2.5
Public Sector	2.9	3.2	3.1	2.6	2.8	2.6
Private Sector	2.6	2.7	2.5	2.6	2.5	2.3
†**Consumer Price Index**						
Percentage Change[1]	2.6	2.2	3.8	4.5	2.8	2.1
†**GDP[2] at Basic Prices[3]**						
Percentage Change[1]	1.7	3.2	4.0	3.4	1.9	1.5
‡**Labour Productivity Growth (%)**	0.8	1.0	0.1	-0.6	-0.9	-0.6
‡**Unit Labour Cost (%)**	2.6	1.5	2.2	2.2	2.6	2.4
†**Unemployement Rate[3] (%)**	7.2	7.7	7.6	7.4	7.7	7.9
†**Employment[3] (000's)**	15,007	15,412	15,604	15,689	15,706	15,723
Percentage Change[1]	1.1	2.2	3.4	3.2	2.3	1.5
†**Average Weekly Earnings[3]**	$667.37	$681.02	$687.02	$686.19	$687.73	$689.66
Percentage Change[1]	1.8	2.0	2.1	1.5	1.3	1.1
†**Average Hourly Earnings**	$16.78	$17.08	$17.02	$17.04	$17.14	$17.22
Percentage Change[1]	1.8	1.8	0.1	-0.6	0.1	1.0

[1] Percentage change from the same period of the previous year.

[2] GDP—Gross domestic product at factor cost (1997) prices.

[3] Seasonally adjusted data.

† Statistics Canada.

‡ Department of Finance Canada.

TECHNICAL NOTES

The information in this report is produced from collective agreement settlements in Canada which cover 500 or more employees in all industries. A few settlements are excluded where the basis of payment is on a piece/mileage rate basis.

The construction industry is excluded prior to 1983.

The Base Rate

The base rate is the lowest paid classification used for qualified employees in the bargaining unit. In most instances, the base rate is the rate of pay for an unskilled or semi-skilled classification of workers. However, this is not the case in contracts covering only skilled workers and professional employees.

As only the base rate in a contract is used, the resulting data on percentage change do not necessarily reflect the average wage change for all employees in the bargaining unit. For example, where an across-the-board increase is negotiated for all classifications in cents per hour (or other money terms), measurement on the base rate produces higher results than measurement on any higher rate, including the average rate. Where varying percentage or money increases are negotiated for different classifications, measurement on the base rate may produce results that are higher or lower than measurement on the average rate. Where an across-the-board increase is negotiated for all classifications in percentage terms, measurement on the base rate produces results identical to measurement on any other rate, including the average rate. It should be noted that information on the average rate for all employees in a bargaining unit is not available.

Effective Wage Increase

The effective wage increase is the increase in rates of pay including estimated **cost-of-living allowance (COLA)** payments. Estimates of the yield of COLA clauses are obtained by quantifying the characteristics of these clauses in each agreement and applying a combination of actual Consumer Price Index (CPI) increases available to date plus a specified projected inflation rate for the remainder of the contract duration. In succeeding quarters, these estimates are revised using actual CPI values as they become available.

In the current report, an **inflation projection of 2.0 per cent** has been used when the actual rate is unknown. This figure is based on a rounded average of inflation forecasts and is intended for illustrative purposes only and does not constitute an official forecast by Human Resources Development Canada. The use of different inflation rate scenarios could result in varying settlement increases. The inflation projection used will be revised periodically to reflect prevailing economic conditions.

By including reasonable estimates of future payments under COLA clauses, the effective wage increase concept facilitates an accurate comparison of agreements with and without COLA and permits the aggregation of all agreements to yield an improved measure of wage settlements.

Public and Private Sectors

The principal unit of observation is the collective bargaining unit; however, the designation for inclusion in the public sector is by reference to characteristics of the employer with whom a bargaining unit negotiates. Reference to the employer characteristics makes the directives consistent with Statistics Canada's use of "institutional units" or "entities."

While the criteria relate to the classification of the public sector only, *the private sector is defined by exclusion.*

Public sector bargaining units negotiate wages or other working conditions with an employer who is part of, or an agent of, a government or a government business enterprise. The distinction between the two

is whether the activity engaged in is "non-commercial" (Government) or "commercial" (Government Business Enterprise).

Government (Non-Commercial)

The government component comprises all non-commercial entities controlled by governments and mainly financed out of general taxation or other public funds. These entities provide goods and/or services free or at non-market prices (not having a view to profit).

Sub-sectors of the government component are identified below:

(1) Federal Government

Collective bargaining in the federal government component is conducted under the *Public Service Staff Relations Act* (Parts 1 and 2), and the *Parliamentary Employment and Staff Relations Act*.

(2) Provincial and territorial governments

(a) provincial and territorial government administration;
(b) health, education and social services agencies or institutions:
  (i) public hospitals,
  (ii) provincial residential care facilities,
  (iii) universities,
  (iv) colleges, vocational and trade institutions,
  (v) social services business enterprise,
  (vi) provincial elementary and secondary schools.

(3) Local Government Administration

(a) local government organizations such as: municipalities, boards, commissions;
(b) school boards;
(c) social services: establishments at the local level primarily engaged in providing basic domiciliary care only, such as homes for the aged, blind or senile, boarding houses for the aged, day nurseries, shelters, etc.

Government Business Enterprise (Commercial)

The commercial component of the public sector is divided into three broad sub-groupings, based on degree of governmental control, as follows:

(1) Direct Control

A commercial enterprise is directly controlled by a government if one of the following conditions is met:
(a) a government holds more than 50 per cent of its voting equity, directly;
(b) a government has irrevocable options or the right to acquire shares, or convertible debt or equity, exercisable at the discretion of that government.

(2) Effective Control

A commercial enterprise is effectively controlled by a government if one of the following conditions is met:
(a) the government holds a significant voting ownership in a public enterprise, where "significant" is understood as:
  (i) the holding is the largest block of voting equity; and
  (ii) the holding exceeds 33.3 per cent of the voting equity; and
  (iii) the block is larger than the combined percentage of the next two largest blocks;
(b) the commercial enterprise declares that it is effectively controlled by a government;
(c) there exists a method or variety of methods (e.g. significant voting ownership of the enterprise, technological agreements, supply controls or contracts, management contracts, interlocking directorships, etc.)

(3) Indirect Control

A business enterprise is indirectly controlled by a government if that government directly or effectively controls a government business enterprise, which in turn directly or effectively controls that enterprise.

WORK STOPPAGES

Workplace Information Directorate
Labour Program

Third Quarter of 2003 (500 or More Employees)

There were six work stoppages involving 500 or more employees during the third quarter of 2003 in Canada. Three major work stoppages accounted for 93 per cent of the person-days not worked. The strike involving INCO Limited and United Steelworkers of America engaged 139,870 person-days not worked which represents 52.5 per cent. In Quebec, the work stoppage of 950 employees of La Brasserie Labatt Limitée represented 55,100 person-days not worked and accounted for 20.5 per cent of the total person-days not worked in the third quarter. Finally, the work stoppage between the Corporation des concessionnaires d'automobiles de la région de Québec and the Fédération démocratique de la métallurgie, des mines et des produits chimiques involving 850 employees accounted for 53,550 person-days not worked which represented 20 per cent of the total person-days not worked.

Table 1

Major Work Stoppages by Jurisdiction, Third Quarter 2003

Jurisdiction	Stoppages	Employees Involved	Person-Days Not Worked
Newfoundland and Labrador	-	-	-
Prince Edward Island	-	-	-
Nova Scotia	-	-	-
New Brunswick	-	-	-
Quebec	3	5,800	112,650
Ontario	1	3,319	139,870
Manitoba	-	-	-
Saskatchewan	-	-	-
Alberta	-	-	-
British Columbia	1	4,700	4,700
Territories	-	-	-
Multiprovince	-	-	-
Total Provinces	**5**	**13,819**	**257,220**
Canada Labour Code-Part I	1	550	9,350
Federal Administration	-	-	-
Federal Total	**1**	**550**	**9,350**
Total	**6**	**14,369**	**266,570**

Source: Workplace Information Directorate.

Table 2

Major Work Stoppages by Industry, Third Quarter 2003

Industries	Stoppages	Employees Involved	Person-Days Not Worked
Primary Industries	1	3,319	139,870
Utilities	-	-	-
Construction	-	-	-
Manufacturing	1	950	55,100
Wholesale and RetailTrade	2	5,550	58,250
Transportation	-	-	-
Information and Culture	-	-	-
Finance and Professional Services	1	550	9,350
Education, Health and Social Services	1	4,000	4,000
Entertainment and Hospitality	-	-	-
Public Administration	-	-	-
Various Industries	-	-	-
Total	**6**	**14,369**	**266,570**

Source: Workplace Information Directorate.

Second Quarter of 2003 (One or More Employees)

Table 3

All Work Stoppages by Jurisdiction, Second Quarter 2003

Jurisdiction	Cumulative to June 30, 2003 Stoppages	Employees Involved	Person-Days Not Worked
Newfoundland and Labrador	2	175	1,370
Prince Edward Island	1	5	544
Nova Scotia	2	580	14,075
New Brunswick	-	-	-
Quebec	62	10,360	387,760
Ontario	66	20,315	277,030
Manitoba	6	1,347	11,900
Saskatchewan	3	154	1,035
Alberta	1	20	1,280
British Columbia	5	4,456	63,590
Territories	-	-	-
Multiprovince	-	-	-
Total Provinces	**148**	**37,412**	**758,584**
Canada Labour Code-Part I	16	5,687	205,810
Federal Administration	1	35	70
Federal Total	**17**	**5,722**	**205,880**
Total	**165**	**43,134**	**964,464**

Source: Workplace Information Directorate.

Table 4

All Work Stoppages by Industry, Second Quarter 2003

Industries	Cumulative to June 30, 2003 Stoppages	Employees Involved	Person-Days Not Worked
Primary Industries	7	4,228	102,600
Utilities	1	37	790
Construction	-	-	-
Manufacturing	62	9,726	240,540
Wholesale and Retail Trade	18	2,966	143,065
Transportation	14	3,217	26,070
Information and Culture	7	2,362	181,230
Finance and Professional Services	4	234	3,910
Education, Health and Social Services	30	18,089	246,059
Entertainment and Hospitality	11	1,579	13,570
Public Administration	11	696	6,630
Various Industries	-	-	-
Total	**165**	**43,134**	**964,464**

Source: Workplace Information Directorate.

A weekly listing of major work stoppages in Canada and a full chronological perspective are available on the Workplace Information Directorate Website at

http://labour-travail.hrdc-drhc.gc.ca/doc/wid-dimt/eng/.

All Work Stoppages

Table 5

A Chronological Perspective of All Work Stoppages

Period	Number Beginning Month or Year	In Existence During Year or Month*			Percentage of Estimated Working Time
		Total Number	Employees Involved	Person-days Not Worked	
1994	312	374	80,856	1,606,580	0.06
1995	282	328	149,159	1,583,070	0.05
1996	297	330	281,438	3,351,240	0.11
1997	229	284	257,664	3,610,210	0.12
1998	341	381	244,402	2,443,870	0.08
1999	358	413	158,415	2,442,580	0.08
2000	321	379	143,456	1,656,790	0.05
2001	324	381	220,499	2,198,870	0.07
2002	250	293	168,640	3,025,657	0.09
2003	120	165	43,134	964,464	0.06
2002					
July	35	79	30,324	255,341	0.09
August	22	61	11,604	154,409	0.05
September	19	64	16,064	165,090	0.06
October	31	80	17,237	199,460	0.07
November	17	72	12,945	145,839	0.05
December	12	56	10,803	136,150	0.05
2003					
January	8	54	11,632	143,890	0.05
February	16	48	15,754	143,430	0.05
March	26	62	15,158	188,960	0.07
April	27	66	12,018	174,607	0.06
May	20	60	16,056	146,390	0.05
June	22	61	13,833	167,187	0.06

* Refers to work stoppages which began during the year or month as well as those carried over from the previous year or month.

Source: Workplace Information Directorate.

TECHNICAL NOTES

Data on work stoppages collected by the Workplace Information Directorate of the Labour Program covers strikes and lockouts which amount to 10 or more person-days lost.

A strike is a concerted work stoppage by a group of employees which is done in order to bring about a change in an employer's position, and it occurs during the negotiating process. A legal strike is one that respects all the conditions mandated by law, most notably that the strike is taking place during negotiations. A lockout occurs when work is suspended by the employer or a group of employers in order to pressure employees to change their position, and a lockout must also occur during the negotiating process.

Developments leading to work stoppages are sometimes too complex to make it practicable to distinguish between strikes on the one hand and lockouts on the other.

The major characteristics of work stoppages on which information is gathered are:

Employer—Firm or firms employing the employees reported on strike or locked out.

Location—Location of the plant or premises at which the work stoppage occurred.

Industry—Industry of employer according to the North American Industry Classification System (1997).

Union—The workers' organization(s) directly involved or concerned in the dispute that led to work stoppage.

Workers Involved—The total number, or approximate total number, of employees reported on strike or locked out, whether or not they all belonged to the union. Where the number of employees involved varied in the course of the stoppage, the maximum number is used in tabulating annual or other totals. (Where a stoppage commenced in a previous year, the maximum number during the whole stoppage is the number used). Monthly totals are similarly based on the highest figures but allowance is made for changes reported in stoppages extending over two or more months. The total number of employees shown may include the same employees more than once if they are involved in more than one work stoppage during the year (or other reference period). Employees indirectly affected, such as those laid off as a result of a work stoppage, are not included in the data on employees involved.

Starting Date—The day on which the work stoppage began.

Termination Date—The termination date is the day on which work was resumed. Some work stoppages are never formally settled, and this presents statistical difficulties. In such a case, the stoppage is usually considered terminated for statistical purposes, at the date by which it was established that two-thirds or more of the employees involved had either returned to work, or had found work with other employers; or the date by which it was reported that the operations affected by the work stoppage would not be resumed.

Duration – The duration of each stoppage is calculated in terms of working days, including the starting date and all subsequent normal working days up to the termination date. The days counted as working days are those on which the establishment involved would normally be in operation (five days per week).

Duration in Person-Days—Duration in working days multiplied by the number of employees involved. For work stoppages involving establishments in which the number of weekly working days

(see Duration above) exceeds the work week of individual employees, the duration in person-days is adjusted by the appropriate ratio. The data on duration of work stoppages in person-days are provided to facilitate comparisons of work stoppages in terms of a common denominator; they are not intended as a measure of the loss of production time to the economy. The expression "time loss" is occasionally used instead of "duration in person-days." The term most commonly used is person-days not worked due to the duration in person-days of all work stoppages in a year is also shown as a percentage of estimated working time based on estimates of the number of non-agricultural paid employees in Canada obtained from the *Labour Force Survey* of Statistics Canada.

Jurisdiction—Statistics on work stoppages are also classified according to jurisdiction. This is done on the basis of the government and those businesses covered by Part 1 of the *Canadian Labour Code* whose industrial relations statistics are applicable to the establishment involved in the dispute. (The tabulation of statistics on work stoppages by jurisdiction corresponds to a tabulation by province, except where the Federal jurisdiction is involved.)

The data reflect all work stoppages that have come to the notice of Workplace Information Directorate, and meet the criteria defined above, e.g. minimum person-days. The methods used to secure this information are believed to be adequate to preclude the possibility of major omissions.

Source: Workplace Information Directorate, Labour Program.

Selected Provisions in Collective Agreements

Marie-Ève Bédard
Workplace Information Directorate
Labour Program

Direct Compensation in the Workplace

Introduction

Total compensation is defined as employees' contribution to the organization in order to determine their direct and indirect monetary and non-monetary compensation, in accordance with existing legislation and the organization's financial capability (Dolan et al. 2002). It includes two forms of rewards, intrinsic, or non-monetary rewards; and extrinsic, or monetary rewards.

According to Dolan et al. (2002), compensation is an important aspect of human resource management because of the many objectives it is geared to achieving; namely, attracting potential candidates, keeping competent employees, managing salaries in accordance with existing legislation, facilitating the attainment of strategic objectives, gaining a competitive advantage through control of labour costs, and, finally, motivating employees. Indeed, total compensation typically strengthens employee motivation when it is linked to performance by way of productivity incentives.

In order to profit from the advantages offered by effective compensation policies, an organization must consider the many mitigating factors that influence these policies, while taking into account the market within which it operates. The main factors are linked to business strategy, labour pressures, the prestige and habits evolving out of the organizational culture in place, other human resource management policies and practices within the organization, the capacity to pay, as well as certain compensating items such as the possibility of promotion, of professional development and upgrading, as well as the atmosphere in the workplace (Thériault 1991).

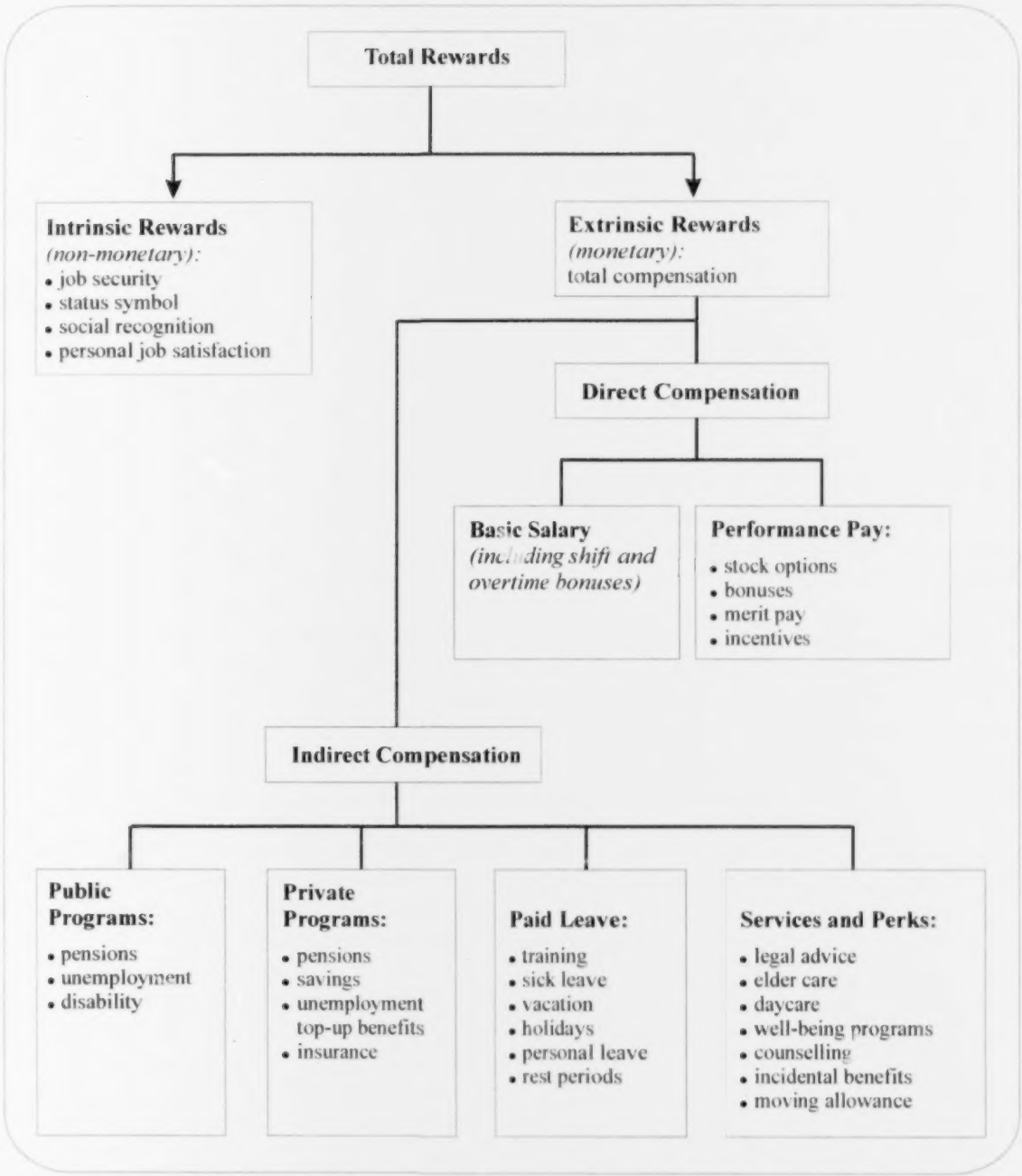
This article deals only with direct compensation of employees in the workplace. It discusses basic theoretical concepts and examples derived from collective agreements.

Direct Compensation

A form of extrinsic reward, direct compensation includes basic salary of the employee as well as performance pay, which may be collective or individual.

The implementation of a compensation system within the workplace should have three direct consequences on the workplace. It should have a positive impact on the behaviour of employees in a broad sense; it should focus employees' efforts on products and services offered to clients; and it should increase cooperation within the work environment (Wilson 1994).

According to Thériault and St-Onge (2000), the Société conseil Mercer conducted a study in 1998 with 545 organizations covering some 1,850,000 unionized and non-unionized employees. This study



Source: Dolan, Saba, Jackson and Schuler (2002). Translated and reproduced with permission.

showed that, for at least one classification of personnel, 36 per cent have an individual performance pay plan; 30 per cent have a company performance plan; 16 per cent have a profit-sharing plan; and 10 per cent have a team bonus plan. These results reveal the interest organizations have for the various incentive pay programs.

Group Incentive Pay Plan

In organizations where many positions are interdependent, making individual performance measurement that much more difficult to put into practice, collective incentive plans are proving to be very useful. Many conditions must, however, be satisfied in order to ensure their success. Group performance measures (standards and objectives) must be implemented; group members must be convinced that excellent performance can lead to the attainment of stated objectives; and the organizational culture must promote collaboration and cooperation within the group (Dolan and Schuler 1995).

The results of the annual *Compensation Planning Outlook* for 2003, conducted by the Conference Board of Canada with 363 companies, demonstrate that performance incentive pay plans are the most widely used, with 81 per cent of organizations having said they relied on variable pay plans. Profit-sharing plans came in second (18 per cent), while team-based incentive plans came in third (10 per cent). Lump-sum payments and gain sharing plans were less common among the companies that responded to the survey.

In Canada, of the 1,147 current collective agreements that have been compiled by the Workplace Information Directorate, Labour Program,[1] 98 agreements (8.5 per cent), covering 108,105 employees, contained at least one provision linked to performance pay, such as a productivity bonus, profit-sharing, gain sharing, market price trigger bonus, and employee ownership.

Productivity Bonus

Provisions related to productivity bonuses are presently included in 42 collective agreements covering a total of 45,490 workers.

Such productivity bonuses are directly linked to the quantity of work performed by employees and are generally spread out over the period during which this quantity was produced (HRDC 2002).

Union Gas Limited and Communications, Energy and Paperworkers Union of Canada, 2000–2002, 0414108

14.01 Incentive Plan

Effective January 1, 2000, employees will be eligible to participate in an Incentive Plan. This plan will be based upon the Asset Operations District/Departmental targets that are established by Union Gas Limited, as appropriate, for the Incentive Plan that applies to Asset Operations District/Departmental Managers of the Company. The rules, administration and payout formula of the Company's Short Term Incentive Plan will apply to this Incentive Plan.

The Incentive Plan for employees will be calculated on a sliding scale based on the achievement of the Asset Operations District/Departmental targets. The sliding scale starts at an achievement level of fifty (50 %) percent each calendar year.

Achievement below fifty percent (50 %) in any calendar year results in no payout under this Incentive Plan.

At one hundred percent (100 %) achievement level, the Incentive Plan payment will be:

- Two percent (2.0 %) of the employee's base wages for calendar 2000;
- Two percent (2.0 %) of the employee's base wages for calendar 2001;

[1] This analysis is based on small (100 to 499 employees) and medium (500 to 1,999 employees) bargaining units that are part of the stratified sample as well as all large bargaining units (2,000 or more employees), which the Workplace Information Directorate surveys.

- Two and one-half percent (2.5 %) of the employee's base wages for calendar 2002.

At the achievement level of one hundred and fifty percent (150 %) or more, the maximum Incentive Plan payment will be:

- Three percent (3.0 %) of the employee's base wages for calendar 2000;
- Three percent (3.0 %) of the employee's base wages for calendar 2001;
- Three and three quarters percent (3.75 %) of the employee's base wages for calendar 2002.

Any applicable payment under this Incentive Plan will be paid by March 31, of the following calendar year.

Cambior, Doyon Mine and United Steelworkers of America, Local 9291, 2000-2006, 1066602

Productivity bonus

25.01 a) The Company agrees to continue payment of productivity bonuses for its underground workers and those currently covered.

b) The Company will post the conditions governing payouts for work done under contract by underground workers and will post, at the end of each contract period, the calculation and results of earnings from the productivity bonus for each worker.

c) In the event an employee believes a calculation error has been committed with respect to his or her earnings from the productivity bonus, he or she may obtain specific information and clarification from the person responsible for calculating the bonus. Should the explanation given not be satisfactory, he or she may bring the matter up with the mine Director. If the explanation provided at this point is still not satisfactory, the employee may present the issue directly at the second level of the grievance procedure.

d) The Company will post its productivity bonus rates and provide a copy of said rates to the Union. This will also be the case if the rates need to be revised.

e) Prior to any change to productivity bonus rates or amendment to existing ones, these modifications and amendments will be discussed with the Union.

Based on a first estimate and then a final calculation, the productivity bonus will be paid out twice a month but only calculated on a monthly basis. These calculations will cover 15-day periods so that one such period does not affect the next. This will be the case immediately upon signing this collective agreement.

Profit-Sharing

Profit-sharing is included in 30 collective agreements covering some 34,925 unionized employees.

By definition, profit-sharing occurs when a company shares part of its profits (once they reach a previously determined level) with its employees, either through cash payouts or share ownership. Many large corporations use profit-sharing payouts to employees as a means of financing retirement plan contributions.

There exist two main groups of profit-sharing plans, cash bonus plans and dividend-based plans. The first implies regular remission of a portion of profits, while the second is characterized by the establishment of the percentage of profits given as bonus proportional to the dividends paid out to shareholders (Dolan et al. 2002).

The bonus amount, determined by the total performance of the company, is greatly influenced by factors such as the economy in general, and financing and procurement costs (Thériault 1991).

Hudson Bay Mining and Smelting Co. Limited and United Steelworkers of America, Local 8262, 2000–2002, 0015806

1. The Company agrees to establish a Profit-Sharing Plan with effect as of January 1, 1994. The Plan, which shall not be amended without agreement of the Unions, includes all employees in the Flin Flon/Snow Lake operations, with the exception of executive officers of the Company and all others who participate in any management incentive plans other than this Profit-Sharing Plan.

2. At the end of each calendar year, ten percent (10%) of the Company's "After Tax Earnings (Loss)" if positive, as defined in point 3 of this letter, shall be distributed on the first payday following the issue of the Profit-Sharing Plan Statement to the hourly and salaried employees on the following basis:

   a) Hourly and salaried employees who are employed for the full year shall receive a full and equal share.

   b) Employees who retire or are laid off during the year shall receive a partial share on a quarterly pro rata basis.

   c) Employees who are hired or are recalled during the year and are on the payroll at year-end shall receive a partial share on a quarterly pro rata basis.

   It is understood between the parties that employees who quit or are terminated during the year will not be afforded profit-sharing. It is further understood that quarterly pro rata basis shall mean an eligible employee who was on the payroll during any portion of a quarter will be afforded profit sharing as if he worked that full quarter.

   By way of example, if an employee retires in August, he would receive three (3) quarters of the profit-sharing payment afforded an employee who was on the payroll for a full year.

   Any negative "After Tax Earnings (Loss)" for the calendar year shall be eliminated and not carried forward to future years.

3. For the purposes of this Profit-Sharing Plan "After Tax Earnings (Loss)" shall comprise "Net Income (Loss)" calculated in accordance with Anglo American plc's accounting policies and International Accounting Standards with the following exclusions:

   (i) Profit-Sharing Plan costs
   (ii) Provisions for deferred income tax
   (iii) The Company's portion of any gains which result in payments under a Gain Sharing Plan during the year including the annual global reserve payout.

4. There is no cap on the size of the Profit-Sharing Plan.

5. Verification

   (i) Upon release of Anglo American plc's annual results, the Company shall provide the Unions with an audited Profit-Sharing Plan statement for that fiscal period. Such statement shall include verification of the exclusions per point 3 (i), (ii) and (iii).

Cartons St-Laurent inc., La Tuque Plant and Communications, Energy and Paperworkers Union of Canada, Local 530 and affiliates, 2001–2004, 0980804

Profit-Sharing Plan

Cartons St-Laurent inc. agrees that, conditional to obtaining ratification of the

amendments sought for the operation of the La Tuque plant for the duration of the 7-year social contract, it will grant all eligible employees five (5) per cent of before tax plant profits.

The most recent forecast indicates that twelve (12) million dollars will be granted employees during this 7-year period.

These monies will be given to plant employees the month following the agreement's anniversary date.

Eligibility for this program will be based on the same criteria as that for the productivity incentive program.

Gain Sharing

Twenty bargaining units have included productivity gain sharing provisions in their respective collective agreements, covering some 30,740 unionized employees.

Gain sharing plans are based on the existing cooperation between individuals working within an organization, in addition to bonuses set according to savings secured with respect to labour. These are measured by comparison between payroll expenditures and the value of production (in sales) on a monthly or semimonthly basis (Dolan et al. 2002).

Productivity gain sharing plans may be divided into three broad categories, namely Scanlon, Rucker and Improshare plans. While the first two rely heavily on worker participation, Improshare plans are based on measures of actual production. Scanlon plans are used when an organization wishes to increase productivity by changing work methods rather than by increasing workers' efforts. Although managers may offer suggestions in order to increase efficiency, they award bonuses according to productivity gains achieved after changes to the organization of work. Rucker plans adhere to a management philosophy similar to that of Scanlon plans and calculate bonuses based on a detailed study of the organization's financial statements.

Finally, Improshare plans are generally used when the organization is anticipating a maximum 60 per cent growth in productivity. They are based neither on worker participation nor the measure of productivity, but rather on measures of actual production (Thériault 1991).

Waterville TG Inc. and United Steelworkers of America, Local 996, 1999–2002, 007107

Horizontal Increase

The Company intends to share, during fiscal years 1999, 2000, and 2001, part of improvements exceeding the operating budget (excluding any profit caused by outside factors (e.g., volume of sales, higher than anticipated exchange rate,)) to a maximum of $0.10 per regular hour worked for each team member working from August 1st, 1999 to July 31st, 2000, from August 1st, 2000 to July 31st, 2001, and from August 1st, 2001 to July 31st, 2002. Shall be considered regular hours all regular paid hours, paid holidays, vacation, hours subsequent to a workplace accident or on precautionary cessation, and maternity leave [sic].

Canadian Pacific Railway and St. Lawrence and Hudson Railway Company and International Brotherhood of Electrical Workers System Council No. 11, 1999–2000, 077906

It is the intention of the parties to attempt to jointly develop gain sharing arrangement(s) to be effective for the year 1998. The savings generated through gain sharing will be limited to a maximum 4% lump-sum payout based on a 20%/80% split (employee/employer). Effective January 1, 2000, the savings generated through gain sharing will be based on a 40%/60% split

(employee/employer) ratio with awards limited to 4% of the previous years earnings for the purpose of gain share savings generated in the year 2000. The gain sharing will be based on measurable goals and the lump sum payments will not be subject to the Pension Plan.

Market Price Trigger Bonus

There are 15,500 workers covered by eight collective agreements that contain market price trigger bonus clauses.

Letter of understanding

Re: Goldbonus

When the average gold price for a quarter falls within a specified range, each employee shall be entitled to receive a payout equal to the applicable percentage times their wage rate times all regular hours worked within that quarter.

Gold Price Cumulative Payment

$US 339.99 or less	0 %
$US 340.00 to $US 374.99	2 %
$US 375.00 to $US 399.99	4 %
$US 400.00 to $US 449.99	6 %
$US 450.00 +	10 %

A quarter is defined as any three consecutive months, however no month may be included in more than one quarter in any calendar year. The average gold price will be determined from the posted London p.m. gold fix, in US dollars.

The Nickel Price Bonus will be based on the average realized price per pound of nickel, in US dollars, including intermediates, published by the Company in its Quarterly Reports for periods ending March 31st, June 30th, September 30th and December 31st (hereinafter called the Average Realized Price).

If the Average Realized Price for any Quarter in which the Company has net earnings is $2.25 US, each employee will receive a lump-sum payment in an amount equal to the number of hours worked by him in that Quarter multiplied by ten cents Canadian. If the Average Realized Price exceeds $2.25 US, the multiplier used to calculate the lump-sum payment will be increased by one cent Canadian for each one cent US by which the Average Realized Price exceeds $2.25 US.

All payments will be made in the second pay period following the publication of a Quarterly Report containing an Average Realized Price of $2.25 US or greater.

Employee Ownership

An employee ownership clause has been included in seven collective agreements covering a total of 8,290 unionized employees.

According to Phillips (2001), employee ownership programs are attractive for five main reasons. They encourage the recruitment and retention of key employees, create an owner mindset within employees, recognize and value employee contributions, increase productivity and competitiveness, and, finally, give employees the privilege of sharing in the success of the company for which they work.

There are three types of employee ownership programs, or real ownership participation plans. Within a **Share Purchase Plan,** workers may purchase equity shares in their organization, thus transferring legal ownership of shares issued by the company, for a pre-established price. An employee who owns such shares may or may not have associated rights. A **Stock Option Plan** establishes a contract between an employee and the company,

which offers the future sale of shares to the employee at a pre-established price. At this future date, if the value of the company's stock has climbed, the employee will be able to purchase reserved shares at a rebate, instantly increasing individual wealth. In cases where the shares' value has decreased, the employee does not lose because the right to purchase the shares is not exercised (Phillips 2001). Finally, **Share Grant Programs** constitute the third type of real ownership participation plan. The employer gives its employees, generally management, a certain number of shares in the company. If applicable, owners of such shares may collect dividends arising from their shares and also have voting privileges. They may not, however, sell their shares before a certain time or before the company has reached a certain performance level (Thériault 1991).

Simulated share, performance unit, and plus value plans are not really ownership participation plans. They are, however, rarely, if ever, included in collective agreements, as they are reserved for an organization's senior management ranks.

Boeing Canada Technology and International Association of Machinists and Aerospace Workers, Local Lodge No. 1542, 2000–2003, 0191807

10. Share Value Program

The Company and the Union agree to implement the Share Value Program for all eligible represented employees. The parties agree that the Company's success depends upon the ability to return long-term value to the shareholders. The intent of this incentive program is to help inform employees about what makes a business run and produces shareholder value, and to allow employees to share in the results of their efforts in increased shareholder value. The principal features of this program are as follows:

For purposes of the period covered by the parties' current agreement, the Company has established a stock investment trust to be funded with $1 billion of common stock (based on the fair market value of Boeing stock on June 28, 1996). The investment is divided into two (2) equal parts to cover two (2) overlapping investment periods. Period (or "Fund") 1 begins July 1, 1996, and runs through June 30, 1998; Period (or "Fund") 2 begins July 1, 1996, and runs through June 30, 2000. Period (or "Fund") 3 begins July 1, 1998, and runs through June 30, 2002.

Eligible employees will receive a distribution of Boeing common stock following the end of an investment period if at the end of the period the value of the Fund exceeds the initial value increased and compounded at the annual rate of 3 per cent.

Employees will be eligible to participate in a distribution to the extent of the number of months during the investment period they were both on the active payroll and received one (1) hour of pay. The proportional distribution shall be payable in whole shares of Boeing common stock after appropriate withholding has been calculated.

Individual Performance Pay Plans

Individual performance pay plans are primarily found in organizations where employees are non-unionized; unions are reluctant to have employee bonuses determined by a single supervisor/manager, potentially jeopardizing part of the employee's salary (Conference Board of Canada 2002).

Moreover, Booth (1989) states that the philosophy behind wage plans must be in alignment with the organization's human resource policies and practices if it sets a premium on individual or collective rewards.

There are 63 collective agreements, covering 100,700 unionized employees, that contain at least one provision linked to individual variable pay, whether piecework, commission rates or based on merit.

Piecework

Provisions pertaining to piecework appear in 38 current collective agreements covering some 90,820 employees.

Programs containing this type of incentive are directly linked to employees' operational tasks, where employees receive a predetermined set rate for each unit produced. One unit may consist of goods produced (a golf ball) or operations performed by the employee (a request processed by a Customer Service Department employee) (Wilson 1994). The unit rate of pay may be established through studies of time and movement, as well as through a survey of wages (Dolan et al. 2002). This type of incentive formula is thus adopted by organizations whose objective is to increase individual employees' performance through a bonus. Currently, it is not very widely used, except within the manufacturing, clothing, textile, furniture, rubber and services industries (Thériault and St-Onge 2000).

Corner Brook Pulp and Paper Limited and Communications, Energy and Paperworkers Union of Canada, Local 60N, 1999–2003, 0006205

ARTICLE 17 – Piecework and/or Incentive Bonus System

17.01 – The Employer reserves the right to introduce an incentive bonus and/or piecework system. However, over a pay period, such incentive system will not pay less than the CEP labourer rate.

During the probationary period, as per Clause 5.10, the above rate will apply which is 70 % of the established rate.

17.02 – Downtime shall be paid at the regular rate agreed to in this contract and will be paid for interruption to production because, when upon completion of a strip, another has not been prepared.

Abitibi-Consolidated and Communications, Energy and Paperworkers Union of Canada, Local 60N, 1999–2003, 0042904

ARTICLE XXII – Piecework and/or Incentive Bonus System

22:01 – The Employer reserves the right to introduce incentive bonus and/or piecework systems; however, over a pay period, such incentive system will not pay less than the hourly rate.

Commission Rate

There are currently 18 collective agreements, covering 10,040 employees, that include commission rates.

Sales incentive plans relate to programs based on the payment of commissions to salespeople and to selected management classifications.

Generally, an employee receives a base salary to which is added a variable bonus, which may be a commission or a bonus linked to some result other than sales. The commission may be a percentage of sales in dollars, a percentage of gross sales profits, or a preset amount remitted for each unit sold. Using a mixed method of compensation allows managers to ensure employee loyalty and motivation while influencing behaviour, results and employee turnover. If salespeople's salary were completely commission driven, there income would be unstable and the turnover rate would rise (Thériault and St-Onge 2000).

10.03 Draft beer and telescopic arm pay

a) In addition to the base salary appearing in article 1.01 of part 4 of this collective agreement, assistant draft beer salespeople are entitled to a commission of 14¢ per barrel sold and salespeople receive a commission of 20¢ per barrel sold. Commissions are paid directly to salespeople and assistant salespeople for all barrels actually delivered on their respective routes.

b) An additional commission of 20¢ for the salesperson, and 14¢ for the assistant salesperson is paid for every barrel actually delivered by them in excess of twenty one thousand five hundred (21,500) barrels per fiscal year. This additional commission is paid as soon as the salesperson or assistant salesperson reaches the above-mentioned number of barrels right up to the end of the fiscal year.

c) Notwithstanding the previous paragraphs, the parties agree to maintain the current practice concerning the commission payable to salespeople and assistant salespeople for barrels sold.

d) If the Company decides to change the format of barrels of draft beer (50 litres), the commission paid out to salespeople and assistant salespeople will be revised in proportion to the change in volume.

e) Under no circumstances will an amount superior to the total commission for a route be paid by the Company.

...

i) Any uncollected commission of a draft beer section salesperson or assistant salesperson on assignment with another department and any commission for barrels delivered by a route to another person with no handling are divided equally among draft beer section employees and paid out on April the first (1st) of each year.

j) It is understood that only employees classified as salespersons or assistant salespersons are entitled to the commissions set out in this section. It is also understood, moreover, that employees classified as replacements, floaters, or deliverymen of telescopic arm routes are entitled to a salary equivalent to that of bottle deliveryman.

ARTICLE 27 – Commission, Duty Free and Domestic Flight Shops

Payment of the commission produced by the sale of duty free and domestic flight shop products on board is addressed to all cabin crew on active duty for at least one (1) day during each recall month.

The commission is divided equally between all cabin crew mentioned above (including cabin crew of a company on sub-contract). This 10 per cent monthly commission is based on the total monthly revenues from sales of duty free products, including sales from sub-contracts and domestic flights, less half of total losses due to handling and 100 per cent of losses of money incurred before remittance to the Company.

In order to maximize the effect of the new commission plan, the parties agree to study the previous month's sales results on a monthly basis, and to implement necessary changes in order to maximize the profitability of duty free sales.

Frequency of payment

This commission will be paid out no later than forty-five (45) days following the entitling recall month.

Merit Pay

A merit pay provision has been included in 20 collective agreements covering a total of 13,945 employees.

According to Wilson (1994), annual wage increases obtained by employees normally reflect their performance or the increase in the cost of living. Many organizations adjust wage increases in order to reflect individual performance, thus giving the best performers larger increases than employees in the average to low performance groups.

Merit pay is distinguishable by three elements. First, the progression of employees' salaries within their own pay scales is regular, and depends, in part at least, on their performance. Second, workers' wage increases are integrated into their salaries for purposes of future wage increase calculations. Third, wage increases are generally defined by employee performance evaluation results (Thériault 1991).

Atomic Energy of Canada Limited and Office and Professional Employees International Union, Local 404, 1999–2003, 0639508

22.02 Administration of Ranges

(a) General

The salaries of all employees will be administered on a performance basis. Where a merit increase is given it will be a minimum of $400 in addition to the salary range increase added to base pay for employees who perform the job requirements satisfactorily until the employee reaches the maximum of the range.

Employees who are at the maximum of the range and who are performing the job requirements satisfactorily will receive a minimum of the salary range increase. A lump-sum merit may also be paid to employees at any point in the range.

Assurance Vie Desjardins-Laurentienne Inc. and Office and Professional Employees International Union, Local 57, 2000–2003, 0459206

24.02 Wage increases

The employer agrees to maintain the performance pay program for 1999 only, and to grant, in the thirty (30) days following the signing of the collective agreement, retroactive to January 1st, 2000, an additional wage increase of 1.5 per cent or 3 per cent, if the employee's performance has been superior or exceptional, respectively. In cases where the increase awarded as recognition for superior or exceptional performance brings the salary beyond the maximum for the pay scale, the excess shall be paid as lump-sum in one single instalment.

Provisions pertaining to performance pay plans, be they individual or collective, are not prevalent in Canadian collective agreements. It is important, however, for organizations to keep abreast of new trends in this field because these plans can offer multiple advantages, from the recruitment to the retention of employees.

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(0015806) Hudson Bay Mining and Smelting Co. Limited and United Steelworkers of America, Local 8262, 2000–2002.

(0017606) INCO Limited and United Steelworkers of America, Local 6166, 2000–2003.

(0071107) Waterville TG Inc. and United Steelworkers of America, Local 696, 1999–2002.

(0191807) Boeing Canada Technology and International Association of Machinists and Aerospace Workers, Local Lodge No. 1542, 2000–2003.

(0414108) Union Gas Limited and Communications, Energy and Paperworkers Union of Canada, 2000–2002.

(0459206) Assurance Vie Desjardins-Laurentienne Inc. and Office and Professional Employees International Union, Local 57, 2000–2003.

* These collective agreements are available in their unabridged form on Negotech, a searchable labour relations database, accessible at http://hrdc.gc.ca/labour/nego/.

(0639508) Atomic Energy of Canada Limited and Office and Professional Employees International Union, Local 404, 1999–2003.

(0771906) Canadian Pacific Railway and St. Lawrence and Hudson Railway Company and International Brotherhood of Electrical Workers, System Council No. 11, 1999–2000.

(0811904) Miramar Con Mine Ltd. and United Steelworkers of America, Local 802, 1999–2002.

(0923803) Molson Breweries and International Brotherhood of Teamsters, Local 1999, 1999–2003.

(0942904) Abitibi-Consolidated and Communications, Energy and Paperworkers Union of Canada, Local 60N, 1999–2003.

(0957503) Air Transat and Canadian Union of Public Employees, 1999–2001.

(0980804) Cartons St-Laurent inc., La Tuque Plant and Communications, Energy and Paperworkers Union of Canada, Local 530 and affiliates, 2001–2004.

(1066602) Cambior, Doyon Mine and United Steelworkers of America, Local 9291, 2000–2006.

Coming in the Next Issue

Selected Provisions in Collective Agreements will report on Indirect Compensation in the Workplace.

Innovative Workplace Practices

Bruce Aldridge
Workplace Information Directorate
Labour Program

This overview of workplace innovations is based on a review of 81 collective agreement settlements negotiated during the third quarter of 2003. Of these, slightly over one-half (43 settlements) contained provisions considered to be innovative or of particular interest.

Duration

Of the 81 settlements reviewed during the quarter, approximately 34 per cent (27 collective agreements) had a duration of between 31 and 36 months. Seven settlements had durations of 12 months. Seventeen settlements had durations of between 24 and 29 months while 13 had durations of between 43 and 48 months. Ten settlements had durations of exactly 60 months. Seven agreements had the longest duration of 72 months as follows:

Air Canada (3 agreements) system-wide	Canadian Auto Workers, Air Canada Pilots Association, and Interna tional Association of Machinists and Aerospace Workers
Canada Safeway (2 agreements) Calgary and province-wide, Alberta	Bakery, Confectionery and Tobacco Workers' International Union and United Food and Commercial Workers International Union
Weldwood of Canada Limited (2 agreements) Williams Lake and 100 Mile House, British Columbia	Industrial Wood and Allied Workers of Canada

Compensation

Innovative elements in compensation appear in 13 agreements. Two agreements have established new **profit-sharing** plans. Weldwood of Canada Limited, Williams Lake and 100 Mile House, British Colombia and Industrial Wood and Allied Workers of Canada introduced a plan based on the industry's return of capital investment which will provide annual lump-sum payments of $500 in years 2, 4, 5, and 6 of the collective agreement and $1,000 in year 3, if the return on capital investment reaches specified levels in each year.

Air Canada, system-wide and four unions negotiated collective agreements with a wage freeze or reductions. Of these, three agreements with International Association of Machinists and Aerospace Workers, Air Canada Pilots Association and Canadian Union of Public Employees will introduce a profit-sharing plan when the company begins to earn profits. The plan is offering 7.5 per cent of before-tax profits that represent 7.0 per cent or less of revenue, and 25 per cent of all before-tax profits for more than 7.0 per cent of revenue. The fourth bargaining agent, the Canadian Auto Workers, representing the customer service employees, have declined to participate in the profit-sharing plan.

INCO Limited, Sudbury and Port Colborne, Ontario and United Steelworkers of America have an **earnings-based compensation** plan. For every US$10 million in quarterly operating earnings for the Ontario division, employees receive an additional 25¢ for every hour worked in the quarter. For every $1 million thereafter, the compensation increases by a further 2.5¢ per hour. There is no cap to the potential amount payable and any

amount paid for the quarter will not be less than their Nickel Price Bonus payment for the quarter. If the compensation plan is paid for the quarter, the Nickel Price Bonus payment will not be paid for the same quarter.

A **variable compensation** plan continues between Téléglobe Canada inc., Montréal, Quebec and Canadian Overseas Telecommunications Union. The plan is based upon both the achievement of the company's financial objectives and performance assessment of individual employees. Assessment of employee performance is centered on quantity and quality of work, attendance, and teamwork skills.

Timberjack Inc., Woodstock, Ontario and Glass, Molders, Pottery, Plastics and Allied Workers International Union have installed a **productivity bonus** plan which will provide employees with a monthly bonus based on sharing productivity increases measured in improved output for each hour of input.

Cariboo Pulp and Paper Company, Quesnel, British Columbia and Howe Sound Pulp and Paper Limited, Port Mellon, British Columbia and Communications, Energy and Paperworkers Union of Canada have introduced a **pulp price trigger bonus** provision. The employers will make a payment of $500 per employee to the local union for each calendar quarter that the RISI (Resource Information Systems Inc.) reported the NBSK (Northern Bleached Sulfite Kraft) price delivered to the Eastern United States averages over $1,020 (Canadian) per metric tonne. The bonus will be used to establish a fund for the sole purpose of funding pension bridge benefits from age 60 to age 61. The first three quarterly payments will be directed for this purpose and subsequent payments will be used for the benefit of active or retired employees.

The National Research Council Canada, Canada-wide and Professional Institute of the Public Service of Canada have a provisional bonus to resolve **recruitment and retention** difficulties. Employees are eligible for a bonus of $8,000 per year paid bi-weekly. The payment is not folded into wages but will be used for pension calculations. Also, the Vancouver Police Board, Vancouver, British Columbia and British Columbia Federation of Police Officers have deemed that the second wage adjustments of 1.75 per cent in years 2003 and 2004, and of 2.0 per cent in 2005, are for recruitment and retention objectives. A **market adjustment award** has been established by the Regional Health Authorities of Manitoba, province-wide and Manitoba Association of Health Care Professionals. A majority of classifications will receive additional wage adjustments ranging from 3.0 to 9.5 per cent to resolve recruitment and retention problems. The employer will contribute additional sums of $400,000 on April 1, 2004, October 1, 2004, and April 1, 2005. These additional monies were awarded due to the likelihood that there would be a need to look objectively at salary and market comparisons during the term of the agreement. In the event of a dispute out of the implementation of these amounts, the matter will be referred to arbitration for final decision. The Université Laval, Québec, Quebec and Canadian Union of Public Employees have introduced a **job market premium.** Employees who possess the same special expertise recognized as rare or southtafter in the labour market and who justify a competitive wage may receive up to 15 per cent of the maximum level of their wage scale.

A **performance pay** provision has been introduced between Hamilton Police Services Board, Hamilton, Ontario and Hamilton Police Association. All uniform employees are eligible for the payment which will form part of the base salary and be included when calculating overtime, vacation and statutory holiday pay pension contributions, etc. but not for calculating salary for the purpose of sick leave credits. Effective July 1, 2003, the payments will be equal to 3.0 per cent of the First Class Constable wage rate after 8 years of service, 4.0 per

cent after 17 years, and 5.0 per cent after 23 years; July 1, 2004 and 2005, 3.0 per cent after 8 years, 6.0 per cent after 17 years, and 9.0 per cent after 23 years.

The Université Laval, Québec, Quebec and Syndicat des professeurs et professeures de l'Université Laval have negotiated two **wage parity adjustments.** A wage reopener specifies that wages will be adjusted by the same percentages as the Quebec government's public and parapublic sector employees.

Working Conditions

Fishery Products International Limited, Bonavista and other centres, Newfoundland and Labrador and Canadian Auto Workers have negotiated a **return-to-work** provision. Local managers and union executives shall work together to help crew members make an early and safe return to work after an injury or illness leave. Such accommodation shall not cause the displacement of an employee with greater seniority. Also, the employer has initiated a clause concerning **women's issues.** At each plant, up to three women who establish a committee on women's concerns will have three paid hours per month for meetings.

A **work flexibility** initiative has been initiated between Air Canada, system-wide and International Association of Machinists and Aerospace Workers. It allows employees to perform tasks for which they have the required skills. Also, an agreement with the Air Canada Pilots Association presents a **special permitted absence program** in order to limit surplus of pilots subject to layoff. The voluntary leave of absence may be taken for up to three years or longer if both parties are in agreement. While on such leave, pilots shall retain their seniority date.

Air Transat A. T. inc., Mirabel, Quebec and Air Line Pilots Association International have introduced a guaranteed two days of **personal leave** which may be reserved in advance for a special occasion.

Job Security

Within both agreements negotiated between Canada Safeway Limited, Calgary, Alberta and Bakery, Confectionery and Tobacco Workers' International Union, and province-wide, Alberta and United Food and Commercial Workers International Union, a **work restructuring** provision was established. The employer will offer a voluntary **employment buyout** to a limited number of employees whose rate of pay is greater than $14.00 per hour. The special severance package ranges from $700 for part-time employees, who work less than 4 hours per week, to $25,000 for full-time employees and part-time employees who work more than 36 hours per week. Employees who have 20 or more continuous years of service will receive an additional buyout enhancement in the amount of $500 per year of service over 20 years, to a maximum of $5,000. The employer has the right to limit the number of employees by classification, department and bargaining unit, to ensure that the buyout does not affect the efficient operation of the business.

The City of Winnipeg, Manitoba and Amalgamated Transit Union initiated a provision for charter bus service that **uses retired employees** but also guards the **employment of regular employees on layoff.** In the event of layoff of regular bus operators, the use of retired operators would only occur if it were necessary in order to fulfill a charter booking that was accepted prior to the layoff and only after offering any charter work to those employees on layoff.

Plant closure provisions occur in five agreements settled in the third quarter of 2003. Weldwood of Canada Limited, Williams Lake and 100 Mile House, British Columbia and Industrial Wood and Allied Workers of Canada negotiated a provision that in the event of permanent closure of a plant or logging camp, employees will be entitled to a payment equal to 10 days' pay per year of continuous service. Howe Sound Pulp and Paper Limited, Port Melon, British Columbia and Communications,

Energy and Paperworkers Union of Canada offer a severance pay in a lump-sum payment equal to 2 weeks' pay per year of service to a maximum of 52 weeks. Timberjack Inc., Woodstock, Ontario and Glass, Molders, Pottery, Plastics and Allied Workers International Union introduced a provision whereby, should a fabrication facility close; senior employees would be subject to layoff and receive specified training. Junior employees who are laid off would receive a severance pay of $1,500 and extended health insurance for six months.

Funds

The Regional Health Authorities of Manitoba, province-wide and Manitoba Association of Health Care Professional have a **wage standardization** fund. The employers will contribute $1,200,000 to properly finalize wage standardization issues during the term of the collective agreement. With respect to still-unresolved issues, the parties will continue discussions for a further 60 days. Following that period of time, any unresolved issues will be referred to arbitration for a final and binding decision.

INCO Limited, Sudbury and Port Colborne, Ontario and United Steelworkers of America have established a **retiree assistance** fund to provide financial and moral support to retiring employees. Deductions of $5.00 per employee, per year will be made available from the Earning-Based Compensation Plan payments.

Training

Several agreements now include **apprentice training.** Field Aviation West, Calgary, Alberta and International Association of Machinists and Aerospace Workers have agreed to set parameters for a program to include training in the trades of avionics, composites, interiors, aircraft maintenance and sheet metal in order to **develop qualified aircraft workers.** A settlement provision with Finning (Canada), various locations, British Columbia and International Association of Machinists and Aerospace Workers states that the employer will pay all **tuition fees and expenses** for apprentices annually attending authorized training classes at a vocational school.

Both Scott Paper Limited, New Westminster, and Howe Sound Pulp and Paper Limited, Port Melon, British Columbia with Communications, Energy and Paperworkers Union of Canada have also instituted the payment of **apprentice out-of-town training expenses.** On successful completion of the required period of vocational school training, the employer will reimburse out-of-town expenses to a maximum of two hours' pay per day on a seven-day per week basis at the first year apprentice rate. These parties will also develop a strategy for maintaining the **principles of certified trades** training for British Columbia and the opportunity for employees to participate in interprovincial qualifications examinations.

Ontario Hospital Association, various locations and Ontario Public Service Employees Union have negotiated a provision for **training before layoff.** An employee who has the right to displace another employee will have the entitlement to the same training period as would be typically accorded to a new employee, and may commence such training prior to the anticipated layoff.

Labour-Management Committees

During the third quarter of 2003, 14 of the 43 agreements with innovative practices contained provisions for establishing committees dealing with a wide variety of concerns.

Fishery Products International Limited, Bonavista and other centres, Newfoundland and Labrador and CAW-Canada have introduced a committee regarding **technological change and ergonomics.** To help develop the committee's work, the employer will provide $5,000 to help union-nominated committee members acquire ergonomics training.

A committee concerning **frontline police staffing** has been established between Hamilton Police Services Board, Hamilton, Ontario and Hamilton Police Association. The committee will review all aspects of staffing and the advantage of the hiring of frontline officers and the need for a viability of part-time policing within the city.

The Université Laval, Québec, Quebec and Canadian Union of Public Employees introduced a **telework** committee. It will review the various methods whereby employee's duties can be decentralized so as to enable employees to use telematic networks to perform work at home.

Cariboo Pulp and Paper Company, Quesnel, British Columbia and Communications, Energy and Paperworkers Union of Canada have initiated a committee to examine ways to enhance **employment opportunities.** They will review new work arrangements including reduced overtime and working time alternatives, and report recommendations to the employer as soon as they are developed.

Other committees included in collective agreements discuss such items as customer communication, health and welfare benefit costs, training, and job scheduling.

Innovative Workplace Practices

Previously published articles and case studies from past issues of the Workplace Gazette, are available on the Workplace Information Directorate Website at

http://labour.hrdc-drhc.gc.ca/.

Labour-Management Partnerships Program

Projects

Federal Mediation and Conciliation Service, Labour Program

The Labour-Management Partnerships Program is a centralized federal contribution program of the Federal Mediation and Conciliation Service. The program is designed to encourage effective labour-management relations in the workplace or at the sectoral level by providing funding assistance that supports efforts by unions and employers to jointly explore new ways of working, and of working together. Participants (union and employer or an association which represents both) must contribute at least 50 per cent of the total cost of the project in cash or in kind.

The Program supports initiatives aimed at promoting productive, innovative workplaces, fairer, more accessible workplaces and improved labour-management relations. Only pilot or demonstration projects are eligible for funding; funds are not available for activities which represent the ongoing operations or business plan of an organization. Funds are awarded on a competitive basis and preference is given to projects involving companies and unions under federal jurisdiction.

The Labour-Management Partnerships Program has been funding projects since the program's launch in December 1991. The Program's 2002–2003 budget was $1.6 million. Projects can run for two years and funding of up to $100,000 is available.

Copies of final project reports are available from the parties and through the departmental library.

Ongoing Projects

The following projects are currently being funded by the Labour-Management Partnerships Program. Descriptions of selected projects will be published in future issues of the *Workplace Gazette*.

Canadian Broadcasting Corporation *and* Canadian Media Guild (CMG), Units I and III and Communications, Energy and Paperworkers' Union (CEP)

This project will evaluate a performance management and staff development process which emphasizes regular feedback and coaching for employees. National Committee members and more than 60 locally based joint committees—all of which include both labour and management representatives—will participate in this evaluation. Results will be made publicly available.

Visit the Canadian Broadcasting Corporation website at <http://www.cbc.ca>.

Canadian Labour and Business Centre

The Centre is holding three regional seminars to showcase the innovative workplace health, safety and wellness practices of 12 leading Canadian workplaces. The prime objective of the seminars is to disseminate information about innovative workplace safety, health and wellness practices in a way which can directly influence the actions of other workplaces.

Visit the Canadian Labour and Business Centre website at <http://www.clbc.ca>.

City of Saskatoon *and* Amalgamated Transit Union, Local 615

The project objective is to develop a strong and mutually-beneficial labour-management relationship through shared corporate values. Managers, supervisors and union executives will receive two-day training sessions in conflict resolution, the art of two-way communication, and problem-solving in order to develop a more effective method of resolving workplace conflict in a timely manner. Results will include a joint training manual, materials to guide further training initiatives and the production of a brochure: *A Respectful Workplace Policy*.

Femmes regroupées en options non-traditionnelles *and* Société de transport de Montréal and Syndicat du transport et des employés des services d'entretien (CSN)

The objectives of this project are to produce video support equipment in order to make it a useful and efficient training tool and to train managers and union stewards in using developed training tools. Applicants have produced a video of approximately 25 minutes presenting the myths and realities of female workers in predominantly male environments.

John Forsyth Shirt Company and Ike Behar Inc. *and* Union of Needletrades, Industrial and Textile Employees

The project aims to prevent and reduce work-related musculoskeletal disorders in the clothing industry by developing and implementing an ergonomics program. The program will involve all interested parties—management, workers, union representatives and researchers—who work together as an Ergonomics Change Team. The teams' functions are to assess and prioritize the risky jobs in the plant and to brainstorm, develop and implement solutions. This is the final phase of a project which began in 2001. Project results will be published and widely distributed, via the union's website and newsletter, in an easy-to-read self-help guide developed for employers, health and safety representatives, and workers.

Visit the Union of Needletrades, Industrial and Textile Employees' website at <http://www.unite-svti.org>.

Ordre des conseillers en ressources humaines et en relations industrielles agréés du Québec

The purpose of this project is to create a portal on the RHRI website dedicated to union-management partnerships. It will include samples of best practices in labour relations, articles, research papers, guides, manuals, etc., as well as practical tools to guide companies, unions and industrial relations professionals in the development of constructive employer-union relationships.

Visit the Ordre des conseillers en ressources humaines et en relations industrielles agréés du Québec's website (French only) at <http://www.rhri.org>.

Queen's University

The University will undertake an assessment of the outcome of the 1998 legislative review of Part I of the *Canada Labour Code* and subsequent amendments. Representatives of the Canadian Labour Congress and of Federally Regulated Employers—Transportation Communication are participating in the project steering committee. The project, which will lead to a presentation and a published report, includes a survey of major Part I clients, and interviews and/or small group discussions with selected labour and management representatives.

Visit Queen's University website at <http://www.queensu.ca>.

University of Calgary

In conjunction with a union-management steering committee, the applicant will produce a 30-minute video that will feature best practices in labour/management relations in Canada. The video will assist labour and management by highlighting activities that have proven successful for other companies, unions and industries. Emphasis will be placed on those practices which contribute to sustainable initiatives.

Visit the University of Calgary website at <http://www.ucalgary.ca>.

Westfair Foods Limited *and* **United Food and Commercial Workers Union, Local 247**

The objective of this project is to develop a system of labour-management cooperation and to support innovative labour-management solutions. Areas covered include workplace safety, worker attraction and retention in the workplace, and the creation of a more cohesive environment with better communications. Cooperation between the parties will be documented in the form of videos, training manuals and standard operating procedures.

For more information, contact the Labour-Management Partnerships Program, Federal Mediation and Conciliation Service at (819) 994-5470 or 1-800-563-5677 or visit their Website at http://Labour-travail.hrdc-drhc.gc.ca/sfmc_fmcs//index.cfm/doc/english/.

First Nations Policing and Collective Bargaining—Working Together!

Federal Mediation and Conciliation Service, Labour Program

A project in Ontario funded in part by the Labour-Management Partnerships Program—Jointly sponsored by the Canadian First Nations Police Association, the Anishinabek Police Service, and the Nishnawbe-Aski Police Service.

First Nations policing is a concept that grew during the 1990's following the federal government introduction of a First Nations Policing Policy in 1991. As described in the First Nations Policing Policy, the purpose was "to provide First Nations across Canada with access to police services that are professional, effective, culturally appropriate, and accountable to the communities they serve."

In the spring of 2003, the Canadian First Nations Police Association, the Anishinabek Police Service and the Nishnawbe-Aski Police Service held an innovative workshop at Sault Ste. Marie, Ontario. The three groups came together to learn more about labour-management relations and the administration of collective agreements.

The Canadian First Nations Police Association was certified by the Canada Industrial Relations Board in August 1999, to represent more than 60 police officers employed by the Anishinabek Police Service in south, central and northern Ontario. When they were unable to conclude a collective agreement on their own, the Minister of Labour appointed a conciliation officer to assist them in negotiating a first collective agreement. After many meetings over a period of months, the parties reached a tentative agreement that was ratified by a substantial majority of the bargaining unit. As a result of this experience, the parties sought to expand their knowledge of the industrial relations system and collective bargaining.

The Nishnawbe-Aski Police Service joined with the Association and the Anishinabek Police Service to establish a joint Steering Committee to apply for funding from the Labour-Management Partnerships Program to run an orientation and training session. A contribution was provided to the applicants in accordance with the cost-sharing requirements of the Labour-Management Partnerships Program and the three partners developed a two-day conference that was held in April 2003. The sessions, which were well attended, explored the following topics:

- Management and the Union, Working Together with a Conciliator;
- Negotiating a Collective Agreement;
- Role of Management ;
- Policing with a Labour Contract ;
- Management and the Union Working Together, and;
- Discipline as a Necessary Item in Collective Agreements.

Industrial relations experts from both the private and the public sectors led the workshops and found the participants to be enthusiastic and interested in developing more effective labour-management relations. These workshops provided the participants with greater knowledge of collective agreement administration and union-management relations and also gave employer representatives, union representatives and employees an opportunity to develop the trust and understanding that is necessary to establish an effective First Nations police service. Since the aim of the project was to improve communication between the parties and to assist them in developing the skills needed to establish and maintain a positive labour-management relationship at the workplace, the workshops proved to be very successful.

As a result of the success of this conference, other participants in First Nations Policing have expressed an interest in similar workshops.

The views and opinions expressed in this document do not necessarily reflect the position of the Labour Program.

The project was made possible by financial assistance from the Labour-Management Partnerships Program, Federal Mediation and Conciliation Service, Labour Program.

Telephone: (819) 994-5470 or 1-800-563-5677
Website: http://labour-travail.hrdc-drhc.gc.ca/sfmc_fmcs/index.cfm/english

LOCAL REQUIREMENTS FOR A MULTINATIONAL ENTERPRISE

The Case of Fleischmann's Yeast Montréal Factory

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Burns Philp, an Australian multinational food products company, owns yeast-producing factories around the world. Those located on the North American continent were merged to form a division known as Fleischmann's Yeast. The mother company determines the activities of each of its factories worldwide on the basis of their respective quality-cost ratio. This principle was applied rigorously in a restructuring plan which resulted in the closing of two factories in the United States. This major rationalization responded to the company's financial crisis at the end of the 90s.

This policy—increasing the competition within the company—places high requirements on the local units, forcing them to redouble their efforts to avoid losing part of their production or, worse, having to close their operations. The Montréal unit, which is the subject of this case study, underwent constant changes during the six years reviewed. Difficult decisions had to be made. For example, the creation of a new category of workers, along with a $4 reduction in the hourly wage, resulted in the deterioration of relations between labour and management and a deep division within the union.

The Market

The yeast market currently has three main characteristics. The first is that the market is controlled by a small number of important players. Although there are several small regional producers in the world, the yeast market is dominated by 10 multinational companies. In North America, three large companies compete with each other: Lesaffre, Fleishmann's and Lallemand. The three share the market more or less equally, although the French multinational Lesaffre enjoys a slight lead.

The second characteristic has been the internationalization of supply since the mid-1990s, accomplished either through acquisitions or by creating new companies. In the first instance, the best-known example is the 2001 acquisition by the French multinational Lesaffre of the American company Red Star, which had the largest share (35 per cent) of the yeast market in the United States. In the second instance, Lallemand, a Canadian company whose head office is in Montréal, has registered significant growth and now owns 12 factories around the world. In 1999, the company established

partnerships with small German yeast manufacturers in order to increase its presence on the European market. The following year, it bought a piece of land in Memphis so that it could better serve its American customers; the new factory was completed the following year.

The third characteristic—which will help better grasp the situation at the Montréal site—is the strong competitiveness of the yeast market. This phenomenon is two-fold. First, it affects the price of the product: by reducing transportation costs, the internationalization of supply has put an additional pressure aiming at reducing prices. One of the dominant companies on the North American market has amplified this trend by adopting a very aggressive strategy during the past three years. It set prices so low that its competitors suspected it manufactured at a loss, planning to monopolize the market. Secondly, it affects the quality of the product which has been subjected to such stringent standards and high client expectations that the companies must constantly try to improve quality. Despite regular inspections conducted by sectoral organizations and sometimes major clients, the ultimate test remains the clientele's loyalty who will not hesitate to change suppliers if their expectations are not met. Manufacturing a top-quality product is not quite sufficient, the real challenge is rather to maintain a constantly high standard of quality.

The Company

The company which we have reviewed is owned by the multinational Australian food products company Burns Philp. Specializing in yeast, herbs and spices, Burns Philp acquired Fleischmann's Yeast in 1986 with the aim of breaking into the North American market, which at that time was dominated by the American multinational Red Star. In 2003, Burns Philp owned 30 yeast factories around the world, including four plants in North America which were merged into the Fleishmann's Yeast Division. Two are based in the United States (Memphis and Greenville) and the other two in Canada (Calgary and Montréal). During the six years reviewed, the North American division underwent three reorganizations, which resulted in the closing of two factories (Gastonia in 2000 and Oakland in 2002) and a redistribution of activities among the remaining units.

The Montréal Site

Established in 1929, the plant is located in the Lasalle district, on Montréal Island. It employs some 130 people in addition to management staff, which comprises the director of the factory (reporting to the Vice-President, Production, of the Fleischmann's division, located in St. Louis) and four managers, including the Operations Manager. Eight supervisors complete the management structure. The 102 production employees, since the spring of 2001, and the nine laboratory staff have been unionized under the United Food and Commercial Workers Union, Local 225 P. Because it used to represent many factories in the packaging sector that have since been transformed or have disappeared, this local has the same status as larger UFCW locals like 500 and 501. This means that its president, who represents just over a hundred employees, sits on the UFCW's provincial council and participates in all its meetings. Since 1990, the local has reached a service agreement with Local 501 to have a permanent labour relations adviser acting on its behalf. Moreover, an outside adviser, trained as a lawyer, assists the employer with labour relations.

The Montréal plant manufactures yeast for bakery products. Although it supplies some clients with cream yeast, its two main products are humid yeast and dry yeast. Its clients are large producers of bakery products, restaurants, including large fast-food chains, and home bakers. Due to changes made in 2001, the company has doubled its output, reaching

150 million pounds of yeast annually. The production process is broken down into four stages, each corresponding to a department: fermentation, drying, humid yeast and dry yeast. Four related activities complete the process: the power plant, maintenance, handling and distribution.

The Montréal site faces numerous external pressures from a market that is becoming more and more demanding and difficult. Compared to the other units in the division, however, this company faces two additional constraints. The first is its location. As it happens, one of the other major companies, Lallemand, is also in Montréal, putting the two in direct competition, especially in supplying the north-eastern US market. The second constraint relates to the type of yeast produced. Since 2000, the company must produce more dry yeast in an increasing variety of forms in order to meet a growing demand and open new doors. Since its shelf life can be as long as two years, dry yeast confers a competitive advantage when it comes to supplying foreign clients, and the Montréal site is one of the two main producers of dry yeast in the Fleishmann's group. But Lesaffre's acquisition of the Red Star group in 2001 introduced a major player on the North American scene. While Red Star had trouble manufacturing a top-quality product, Lesaffre is the world leader in the production of dry yeast, in terms of both volume and quality. Thus the arrival of Lesaffre on the continent introduced greater competition for the Montréal site; the company must redouble its efforts to increase market share.

The Montréal site faces numerous external pressures from a market that is becoming more and more demanding and difficult.

Factors that Brought about the Changes

To understand what is at the bottom of the recent changes, it is necessary to look briefly at the evolution of the Montréal site over the past 15 years. When Burns Philp acquired Fleischmann's Yeast in 1986, its aim was to use the division to better penetrate the North American market. Following an internal analysis of the new acquisition, Burns Philp decided that the Montréal plant's operating costs were too high compared to the volume of production and that the plant would have to be closed. This part of the restructuring was assigned to a corporate vice-president appointed by the Australian head office. On his arrival in Montréal, the executive was struck by the dynamism of the local management team, who were determined to use the change in ownership to turn the Montréal site into a top-notch operation. The executive persuaded the corporate leaders to reconsider their decision and, with the aid of the local team, began the task of improving the site's position within the division. They immediately implemented a management approach based on objectives in which local management, under the supervision of the manager and the director of production and personnel, acquired a great deal of discretion to decide how to achieve the objectives discussed with senior levels. The Montréal management team thus became more and more autonomous. They set objectives on their own, counting on the results to convince corporate management to support them financially. The most tangible spinoff of this approach happened in 1989, when corporate management provided the money to buy a new continuous flow dryer to help the company improve service to its international clientele.

In 1996, a new director was appointed to replace the former director who, along with the president of the division, had accepted a position with the competition—Lallemand. The new

director, a trained engineer, strengthened the goals management process and developed a long-term vision to turn the Montréal plant into one of the most important Burns Philp units in the world. The vision is built around a market analysis and three main strategic orientations. Before reviewing these orientations, we will briefly consider the market analysis involving four major trends. In each case, the trend was already present at the beginning of the relevant period, but the merit of the new director is that he was able to anticipate its evolution quite accurately.

The *first trend* is the increasing quality of the yeast. In 1995 and 1996, the requirements were already very high. Management assumed that the trend would continue, putting more pressure on the producers, and so it has proved. Clients demand greater quality standards and are increasingly ready to change suppliers. Some even impose their own inspection service on the manufacturers.

The *second trend* is the rising of costs. In addition to operating costs increasing steadily, the plant faces stricter environmental standards. In the mid-1990s, a new regulation aimed at protecting the environment was gradually implemented in North America. The Montréal plant was hit especially hard by the new fees for filtered-water treatment brought in on July 1, 1997, by the Montréal Urban Community. If the tolerated variances are not respected, the faulty company will lose its permit to discharge effluents, which will result in an automatic shutdown of its activities.

The growth of Lallemand represents the *third trend*. When Burns Philp took over Fleishmann's Yeast in 1986, Lallemand was only a small player in the North American yeast market. The small player became big, to the point that in 1996, it was one of the top two competitors in the sector, and the main competitor of the Montréal plant. It had the same market share in North America as the Fleishmann's group, a little behind Red Star, in addition to dominating the Quebec market. The departure of both the director and the president of the division to Lallemand in 1996 gave the Montréal company a clear signal that Lallemand wanted to expand and increase its market share. Lallemand's first step was to diversify its production in the direction of non-industrial yeast. It gradually took over a good part of the segments that had been the strength of the Montréal plant and upon which it had planned to put a greater emphasis in the future. Moreover, Lallemand increased its production capacity, especially in dry yeast, and attempted to improve the quality of its products. This initiative was disturbing for the Montréal plant as it had planned to strengthen its position in this market niche. The alliance of Lallemand with Bavarian yeast manufacturers in 1999, and the purchase of land in Memphis the following year, confirmed that their objective was to expand at the international level. Finally, to attract more clients, Lallemand also implemented a very aggressive pricing policy. A vivid example is the fresh products sector, where Lallemand set its price in reference to that of the Montréal plant, reduced by a certain percentage. This competitive advantage was accentuated by Lallemand's policy regarding its workforce. Even though its workers were unionized, labour costs were at least 20 per cent lower than those of the Montréal plant. This had a huge influence on the decisions taken over the coming years.

The vision is built around a market analysis and three main strategic orientations.

The *final trend* relates to the internal operations of the Fleishmann's division. At the beginning of the relevant period, the management succeeded in setting up a network operating system that introduced a certain amount of competition

among the six North American units. This process involves managing the fluctuations in production volumes by favouring the most efficient unit. For example, if a unit succeeds in significantly improving its position within the group in terms of quality and costs, it increases its chances of being awarded, by the head office in St. Louis, a part of the output of the other units. A similar policy is applied in the case of contingencies, such as a prolonged breakdown of equipment or a labour strike in a unit. In the latter case, the unit's production quota will temporarily be assigned to another unit. This policy requires from the units to be very flexible, particularly in the areas of equipment and working conditions, so that they can meet these regular variations in production. Therefore, improving the efficiency of a unit must also include increasing the flexibility of its operating conditions. For the Montréal management team, the advantages of this trend toward flexibility, already important in 1995 and 1996, are likely to be confirmed, all the more so since management forecast an increase in the demand for dry yeast over the coming years. Since the shelf life of this product is so long, the units can expand their business scope to the international level. With the Montréal unit already producing dry yeast, its management was aware that they would compete not only with the other North American units, but also with some 30 other Burns Philp units manufacturing the same product around the world.

Strategic Decisions

In order to take advantage of these anticipated market changes, management at the Montréal unit made three strategic decisions. The first decision was to turn the plant into the most efficient unit in the Fleischmann group in terms of costs and quality. In the yeast market, such a decision requires simultaneous actions in order to lower the costs and improve quality. Since demand is not flexible regarding the quality of the product, the objective to lower the costs can be viable only if quality is improved and maintained. Thus, excellence demands that both objectives be pursued simultaneously. This strategic decision was all the more important because the plant had no control over prices, which are set by the Australian corporate management. The Montréal management assumed that the best way to position the company within the group was to make it the most efficient, and consequently the most profitable, by optimizing the cost-quality ratio. This strategic direction also has tangible benefits for the workforce by ensuring that jobs are maintained.

This first decision was not really new as the plant's management had been trying to improve quality and reduce costs since its acquisition by Burns Philp in 1986. Until 1995–96, however, the two imperatives had not been pursued this vigorously. It could even be said that, during the six years which have been reviewed for this case study, management insisted on attaining significant results on quality and costs to ensure that the company survived and jobs were maintained. Henceforth, costs and quality became imperatives established on a comparative basis. To meet the set requirements, management at the Montréal plant took an innovative approach which resulted in two other strategic decisions.

One was to focus on establishing labour-management co-operation. Prior to 1996, relations between management and the union were based on the traditional approach, meaning that the former had the power to make decisions and the latter had the right to challenge the decisions by using the procedure of grievances and arbitration. The only means of introducing any change was to wait for the next round of bargaining in order to modify the collective agreement. When production volumes started

to fluctuate significantly and regularly, the flexibility required in the manufacturing process clashed with the strict model governing labour-management relations. Recourse to overtime allowed for some flexibility but also raised costs and the necessary changes had to be postponed until the next round of bargaining. Moreover, because of fluctuations in the production volumes, the Montréal plant had to reduce its output. Although the collective agreement guaranteed a 40-hour work week for regular staff, the fluctuations, likely to result in high additional costs, were anticipated to be more frequent at the Fleischmann group. During the negotiations regarding the renewal of the collective agreement, which was due to expire in October 1996, the employer and the union agreed to change the nature of their relations. On the union side, this change was facilitated by a new adviser, appointed by Local 501, who had considerable experience in labour-management relations that would help to generate major changes.

The 1997–2000 collective agreement contained the two mechanisms introducing the new labour-management collaboration. One created a work organization committee "to discuss work procedures, methods and responsibilities in order to guarantee the clients the highest quality possible; improve the efficiency and profitability of the company, and promote the maintenance and creation of quality jobs and enhance the well-being of the employees." The committee was made up of an equal number of representatives from both parties and operated on a consensus basis. The other mechanism involved the establishment of continuous negotiations enabling the signing parties to modify the contents of earlier agreements. Once the foundations for a labour-management renewal were laid, there remained the challenge of defining a new approach regarding the employees. This was the subject of the third strategic decision.

Several methods can be used to improve the cost-quality ratio. Until 1996, the Montréal unit had attempted to improve its ratio mainly by focusing on technological, administrative or chemical processes, or by reviewing its manufacturing process. Despite the positive results, management decided that an additional step could be taken by building upon the employees. The yeast manufacturing process requires considerable alertness from the workers, and management chose to mobilize the workers and give them more responsibilities with regard to two major objectives: costs and quality. Internal studies showed that this approach could bring about additional improvements of about 10 per cent to 15 per cent.

Changes Introduced

The study period covers six and a half years, from January 1997 to June 2003. During this period, the plant underwent an unexpected expansion, doubling its volume of production. Numerous changes were introduced, sometimes rapidly, without interrupting the output to serve the local or other units clientele. Three stages in the implementation of change could be observed, each corresponding to a specific work reorganization. The first stage, which began in 1997 and was completed at the end of 1999, dealt with the reorganization of the humid yeast department. The other two phases revolved around the transformation of the dry yeast department. This involved the creation of a new category of employees, which would divide the union and damage labour-management relations. The second phase was dominated by a serious misunderstanding resulting in an outbreak of grievances. During the third phase, an unexpected changeover at the head of the union facilitated a settlement between the parties and a resolution to the conflict.

First Phase: Reorganization of the Humid Yeast Department

During the month following the signing of the collective agreement in May 1997, the Montréal unit was in the middle of its first restructuring within the Fleishmann's group. Humid yeast that had previously been manufactured by the Memphis unit would now be produced in Montréal. This transfer represented an increase of 20 per cent in total production capacity for the Montréal plant and required extensive conversion work that would take a year to be completed. Furthermore, the changes would be carried out at the same time as the work aimed at conforming to the new environmental standards established by the government.

Six months after the conversion work started, Burns Philp faced a critical financial crisis which reduced its share value from $2.50 to $0.18 in a few days. The Montréal unit was the last of the company's 32 factories to interrupt its expansion project. In the crisis context, the yeast division remained the only profitable division in the company, and each unit had to compensate for all cost increases with a corresponding reduction in the production process. There was a great deal of uncertainty and no one could predict what would be the outcome for the Montréal unit.

The interruption in the expansion work made it possible to focus on the personnel. At this stage, the management and supervisory teams at the Montréal plant stood out by playing a leadership role among the six North American units. One of the best examples was the design of a plan submitted by the Montréal unit to the group's head office ensuring servicing to the clientele. The plan, which was approved in the weeks following its presentation, contained a series of measures of mutual assistance in order to continue serving the clientele of a unit faced with a major problem, either natural or not. Its approval was a stroke of luck since the Montréal unit was to be the first to benefit from the plan, during the ice storm of January 1998. The Montréal unit had also distinguished itself by training the other units' accounting and new executive staff. Now there was an opportunity to focus on production staff. Since his appointment, the unit director had published a monthly newsletter—*Director's Comments*—which was posted on the notice board. The newsletter delivered information about the changes that had been initiated in the unit during the preceding month and frequently emphasized the importance of individual accountability in reducing costs and improving quality. This message, originating from the top level and relayed and promoted by the foremen, helped to raise awareness among the workers of the major objectives to be achieved, but its main weakness was that compliance was left too much at their own discretion and good will. To achieve better results, the time had come to structure involvement and responsibility around unambiguous rules and procedures. The following year, a set of procedures, regarding mainly quality, the environment and manufacturing practices, was developed to provide the workers with specific regulations to follow in performing their work. Henceforth, the workers knew exactly what was expected from them. In some cases, they had to ensure that follow-up work had been completed by signing a control sheet. In case of doubt, it

At this stage, the management and supervisory teams at the Montréal plant stood out by playing a leadership role among the six North American units.

was recommended that the workers consult their foreman. This approach enabled the workers to exercise their responsibility and commitment within a framework of clear procedures and with the support of their supervisors.

In the summer of 1998, Burns Philp obtained a refinancing agreement from several Australian banks and gave the Montréal plant the green light to continue its expansion project. The work resumed with a view to launching the new humid yeast department in January 1999. During the same period, the work organization committee held several meetings to determine how the new department would function.

Prior to the expansion project, the department produced humid yeast in one-pound bricks and 50-pound bags. Yeast was pumped from silos into filtration machines to extract the water in order to turn it into humid yeast. It was then directed toward one of two types of machines to fit the desired product. The process required four categories of workers: filtration operators, packaging operators, cold-room stackers, and cleaners. The operations could be described in a simple manner, operators in the first two categories being responsible for their machines which manufactured yeast in bricks or in bags. The products were sent by conveyor to the cold room, where stackers were responsible for their storage. After these employees had finished their regular day shift, the cleaners came and washed the equipment.

A refinancing agreement ... gave the Montréal plant the green light to continue its expansion project.

The redevelopment involved two major changes. Firstly, in addition to the one-pound bricks, it was decided that the factory would produce five-pound bricks; this would require the introduction of new machines identical in operation, but of a different size. After the manufacturing stage, the product would be sent by conveyor to an automatic pallet loader and the pallets transported by a worker to the cold room, on a motorized forklift. Secondly, work schedules were to be changed. The yeast in bricks is produced on 24 hours shifts from Monday to Friday, thus necessitating three shifts to complete the cycle. Now two shifts, the day shift and the evening shift, would be devoted to manufacturing yeast in bricks and in bags, and the night shift to cleaning. These changes led the work organization committee to recommend the creation of a single occupational category for the production activities—the operator category—and to maintain the cleaner category. Since the recommendation involved changes to the collective agreement, the two parties signed a letter of agreement in November 1998 and the department was able to start operating as scheduled, in January 1999.

A few months of experimentation revealed a major weakness pertaining to the production coordination and the cleaning. Since it was practically impossible to anticipate precisely the volume or orders, given the specialized nature of the work shifts, the production activities often continued on part of the night shift, thus postponing the beginning of the first shift for the day workers the next day. Not only did this overflow created overtime costs, but it caused the cleaners to wait before they could start their work and then, work more vigorously to complete their tasks. The problem was submitted to the work organization committee who recommended that the two categories of workers be merged into a single "operator-cleaner" category. Such job reorganization, based on the assumption that the workers would be versatile enough to do their own cleaning after producing each batch of yeast, would make it easier to co-ordinate the manufacturing process and to increase the worker's multitasking. It was ratified by the parties in a letter of agreement signed in December 1999.

Second Phase: Reorganization of the Dry Yeast Department

The second phase was dominated by a major expansion of the Montréal plant and the creation of a new category of worker, which was to become very divisive and the source of a deterioration of the relations among the parties. Once the financial crisis had been resolved, Burns Philp undertook a second reorganization, a major one this time, which implied the closing of factories around the world and relocating a part of its operations. The move involved the yeast sector, particularly the North American group. In this region, the rationalization called for the closing of the Gastonia site and a redistribution of operations among the other factories. Since the Montréal plant had shown in the previous years that it had the capacity to become significantly more efficient, it was designated to take over a good part of Gastonia's operations and to become the centre of production for dry yeast, previously supplied by the plant in Oakland. For the Montréal plant, the project implied an investment of $15 million, the reorganization of the dry yeast department, the hiring of some 30 workers and an increase of at least 30 per cent in its production capacity. In addition, it was given responsibility for the production of humid yeast in cubes of 0.6 ounces and 2 ounces, previously manufactured in Gastonia. With this decision, the senior corporate management showed that it supported the efficiency efforts made by the Montréal plant during the previous years, and that it relied on the principle that the positive results it obtained in the past will ensure a good progression for the future. But the process of renewing the collective agreement would confirm that local management intended to use drastic means to further reduce costs.

The creation of a new category of worker was to become very divisive and the source of a deterioration of the relations among the parties.

Creation of the "Operator B" Category

For the most part, the new expansion project, which was a result of the company's financial crisis, had not been planned for. Quickly drafted at the corporate level, it was developed during the months immediately following the crisis and presented to the local management a little less than a year before the end of the collective agreement. In anticipation of the coming negotiations, the management approached the union about the proposed changes to the agreement. Since it was expected that the expansion project would increase the workforce by at least 50 per cent, the management's main objective was to use this opportunity to reduce significantly its operating costs, especially salaries. The discussions enabled the parties to agree on a large number of provisions. The main advantages were, for the employees, the option to take their vacation during the summer months. For the employer, an important gain was the rotation between a working day of 10 hours for regular work schedules on weekdays and 12 hours on weekends and, for the power plant, a reduction in the number of overtime hours. The last measure, however, was not satisfactory to the employees of the dry yeast department who, despite receiving compensation of $3,000 on the signing of the agreement, feared that their earnings would be adversely affected in the future. The dissatisfaction became more widespread owing to the employer's stand on salaries. Boosted by the confidence shown by corporate management, the local management provided the workers with a choice of accepting a general reduction in salaries or the creation of a new "Operator B" category of employee. This category would

apply to new staff hired at the dry yeast department with an hourly wage $4 lower than the hourly wage paid to operators covered by the existing collective agreement.

Although it was restricted to future employees, the plan caused great concern among the workers. In the first place, it modified the salary structure for the production staff whose current hourly wage gaps did not exceed $0.90. Next, the proposition could impact existing employees by reducing the number of positions or, worse, cutting the salaries of those who wished to remain on the payroll as day workers rather than being promoted to operators. Having obtained guarantees to protect the existing employees, the union executive, supported by the adviser from Local 501, assured the employer that he would recommend that the union's general assembly vote in favour of the draft agreement stipulating the creation of a new category of workers with a reduction of $4 in hourly wage. The draft was overwhelmingly rejected by the union members by a vote of 34 to 11. Although the general assembly preferred this proposition to a general reduction in salaries, it considered that the guarantees to protect the existing workers were too weak. Especially worried were the newly promoted operators, who feared being downgraded if positions were eliminated, and the day labourers who, according to the terms of the new agreement, would receive the lower Operator B salary. These fears were eased by additional guarantees that gave the existing workers complete salary protection up to the end of the 2004 collective agreement. The draft was presented again two weeks later and accepted by a vote of 26 to 23 reflecting a division within the union. Many employees, even among those who approved the draft, disagreed with the creation of the Operator B category, without a more complete evaluation of the consequences. The changes were still to come, so it was difficult to measure their full impact on employees. Since the expansion involved the reorganization of the dry yeast department and the use of new equipment, it was not even possible to describe the tasks of the Operator B and, in that sense, to clearly differentiate the position from the other categories. This issue would continue to impact the relations between the parties till the end of the relevant period.

Upheaval at the Dry Yeast Department

The reorganization of the dry yeast department was implemented within the context of the many changes introduced over a one-year period. The expansion plan forecast an increase in production capacity of up to 150 million pounds of yeast per year. As early as September 2000, the Montréal plant experienced a phase of constant upheaval. According to one employee, it was total turmoil. Clients still had to be serviced even though some of the changes required that operations be temporarily shut down. For instance, all activity was halted for three and a half days in order to refurbish the electrical intake system and employees were mobilized during most of the second stage. The creation of the new employee category would soon temper the rather harmonious implementation of the changes.

It was difficult to measure the full impact of these changes on employees.

Before the second restructuring, the dry yeast department counted about 10 workers grouped in three categories (operator, cleaner and day-shift worker), who typically manufactured four varieties of product. Following its expansion, dry yeast became the main product manufactured at the plant. The goal was to increase not only the quantity of yeast but also its variety. Therefore, the department had to undergo extensive changes: some production lines had

to be removed in order to set up new ones and some existing ones had to be expanded. The floor plan more than tripled and the operation had to hire over 30 additional employees, including packers and relief workers. The reorganization was planned based on the closing of the Gastonia factory and the transfer of some of the Oakland operations, and was therefore carried out in stages.

To understand the problems caused by the creation of the "Operator B" workers, it may be useful to review the changes within the context of the department's operation at the end of the relevant period rather than chronologically. The dry yeast department is made up of two types of sections, according to the nature of operations performed: the sections where the operation is performed by a machine and the sections where the operation is performed manually. In the five machine-operated sections, the basics of production are done mechanically: yeast in envelopes, yeast in glass jars, yeast under vacuum in briquettes of 500 grams and 450 grams, and yeast in large pouches. The division of labour is simple. Some workers are responsible for the functioning of the machines and others look after the packing of the finished products. In the other sections, where the work is done manually for the major part, two production lines produce yeast in bags of 25 pounds and in one-kilogram metallic boxes. Different types of yeast (for pizza, in barrels or in pouches) are also manufactured on an as-needed basis. The department is organized so that the products, once packed, can be sent to an automatic stacker. A motorized forklift is placed near the stacker so that it can move the pallets to a buffer zone where they will be transported to the warehouse by a packer. In some sections the stacking is manual. Workers stack the merchandise on pallets that will follow the same process.

In terms of employment classification, the innovation consisted in dividing the operators in two categories. The 10 workers in the "Operator A" classification are responsible for the maintenance of the machines and the quality of the product. They must conduct a large number of verifications to ensure that the products meet the various manufacturing criteria (weight, lid pressure, labels, glue, bar code, content water tightness, etc.). They work in two shifts, the day shift and the evening shift, from Monday to Friday. To improve both individual and organizational flexibility, they perform daily rotations from one machine to another. Since November 2001, they have been receiving an hourly salary of $20.71. The workers in the "Operator B" category are for the most part packers in the machine sections, and rotate between the shifts. Others in this category carry out activities such as preparation of the lines, handling related to the reception and delivery of materials, recuperation, containers, etc. To perform some of these tasks, they must use motorized forklifts.

In terms of employment classification, the innovation consisted in dividing the operators in two categories.

To fully describe the situation, since April 2001 there have been one A operator and two B operators assigned to the production of humid yeast in cubes, inherited from the Oakland plant. Since the manufacturing is mechanized, the Operator A is responsible for the two machines, and the two B operators pack the finished product. There are some 20 workers in the Operator B category and they have been receiving an hourly salary of $16.56 since November 2001, i.e. a reduction in hourly rate slightly over $4 compared to Operator A workers. The dry yeast department employs also workers in another job classification, the cleaners, who work night shifts and performs

minor tasks in addition to the cleaning. Less specialized than before, the cleaner is increasingly characterized the link between the evening shift and the day shift. The cleaner gets $20.56 an hour.

Prior to the second expansion, the department had three categories of employees: operators, cleaners, and day-shift workers. The operators were considered to be the only true producers. They were multitask workers, particularly in the period following the previous collective agreement where the positions of operator, packer and stacker were combined; they were responsible for every aspect in direct relation with product manufacturing. During the day, the day labourers carried out related duties, mainly involving handling. Once the shift was over, the cleaners came in to wash the equipment and to prepare the workshop for the next shift. The harmony that existed among the categories was reflected in the salary structure. The operator earned $20 an hour, the cleaner $19.86 and the day labourer $19.75.

The division of the operators into two categories presents a problem in terms of task definition.

The division of the operators into two categories—A and B—presents a problem in terms of task definition. In the machine sections, the presence of machines made it easy to differentiate between the workers responsible for the process and the packers. In their case, the distinction is simple and creates no ambiguity. In the other sections, the situation is very different since the workers—all in the "Operator B" category—are required to carry out tasks that are also done by workers in other better paid categories. The best illustration is provided by the handling function. Some Operator B workers do the handling. The main issue in dispute concerns the entry into the department of materials needed for production, and the transportation of finished products to the buffer zone with a forklift. Since these tasks pertain to the handler position, a natural reaction is to put pressure in order to obtain a salary increase; the more regular the assignment, the more intense the pressure to upgrade the position to that of handler with a corresponding hourly salary of $20.27. Another example that illustrates the problem is the situation of the Operator B workers who deal with the automatic stacker. Here the problem results from the presence of a similar machine in the humid yeast department, operated by multi-skilled operators paid $21.12 an hour. The similarity of the two tasks is once again a factor of pressure to increase wages.

Basically, the problem lies in the definition of tasks. One of the solutions suggested by the union is to make the Operator B job description unique by assigning exclusive responsibilities to the position. If duties performed by workers from other categories could be included in the Operator B job description, the salary should be increased proportionally. For the employer, this approach is too rigid. Management at the Montréal plant created the Operator B position in order to improve its competitiveness by reducing its labour costs. In this perspective, it intended to contain as much as possible any all overflow on the expected gains achieved through the classifications. Theoretically, the infringement on tasks assigned to the other categories is limited according to the *Pay Equity Act*. More valued tasks can be integrated into the new position, provided that a distinction can always be made between the Operator B position and the senior-level positions, globally based on its contents.

It must be noted that the second expansion was planned based on the reorganization of the entire North American group. When the conversion work was completed, the joint work organiza-

tion committee discussed the concrete methods to introduce the new employee category during the fall of 2000. Their objective was to implement it quickly in order to launch the machine sections—producing yeast in envelopes and in glass jars—as planned in February 2001. The work organization committee began a series of meetings in December and scheduled four meetings in mid-February. The discussions enabled the parties to improve their relations and to agree on several points, but the dispute regarding the nature of the tasks for the Operator B positions persisted. The employer, caught between the committee's principle of consensus upon which the committee's operation was based and the urgency of putting the new sections at work, put an end to the discussions in spring 2001. It decided that those measures, which were jointly agreed upon by the committee, should be applied. In the case of issues in dispute, the employer invoked its management rights and stated that it could not wait any longer and was forced to take action in order to implement the expansion. From that moment, relations between the parties became tense. The union filed a grievance relative to the job classification issue, followed by nine others. The parties agreed to group the claims into one collective grievance and to submit it for a single arbitration hearing set for October 9, 2002. The work organization committee did not hold any other meeting the following year.

Within the union, the workers remained as divided over the concept of hiring new employees at a $4 hourly salary reduction as they were when the collective agreement was signed. The dissatisfaction stemmed mainly from the potential impacts that the creation of the new category would have on their own situation. Even though the negotiations had provided some guarantees, their discontent persisted because the guarantees would end in 2004 and because the workers would no longer be able to occupy a regular position as day labourers without a substantial loss of salary. Adding to these tensions among the workers already employed at the plant were the concerns of the new employees who were not present at the vote in June 2000. Most of them viewed the introduction of the Operator B category as a retreat by the union and a loss of equity, given the fact that some of them were doing tasks that were also carried out by more senior categories of workers. Some of them were ready to accept the employer's position on the condition that each category would be assigned distinct tasks or, in cases of unavoidable overlaps, that the $4 wage gap between Operators A and Operators B would be reduced. The progress of the discussions by the work organization committee did nothing to improve the climate within the union. It even worsened when the employer decided to cut short the discussions. For many workers, the creation of the Operator B category was a problem that the union had not solved satisfactorily. At the union elections in December 2001, the officers were defeated in a tight vote and replaced by a new executive who had not been campaigning and whose president had volunteered for the position under the pressure of the discontent workers.

Within the union, the workers remained as divided over the concept of hiring new employees at a $4 hourly salary reduction.

The new executive owed its election to many workers' opposition to the creation of the Operator B category. Without a program, the new executive had not actually run in the election, it had been literally thrust into managing the union by a movement disputing

the existing executive. Practically without union experience, it presented little cohesion and its positions often lacked coherence. In the months following the election, two officers resigned and were not replaced. The new executive's objective was to try to eliminate the Operator B category or, at the least, to reduce the $4 wage gap as much as possible. Early on, it adopted an approach based on confrontation. The most apparent sign of this was the increased number of grievances and a definite intransigence in its demands.

Taken by surprise by the outcome of the elections, the former union president did not admit defeat. Despite the significance of the protest, he determined that changes in the yeast production market left no choice for the plant but to bring in the new occupational category. He underlined that the year before, the assembly had approved the new employee category and that therefore it was part of the collective agreement. From the day after his defeat, he undertook to defend his stand by keeping an eye on every move of the new executive. This tactic was made easier because of the inexperience of the newly elected officers, who solicited his help in dealing with issues and relied on his negotiating experience with management. The stalemate would be resolved in this context as the former president of the union considered that an approach based on negotiation was favourable to the workers and would allow maintaining their jobs.

Third Phase: Resolving the Conflict and Relaunching the Expansion

In April 2002, the corporate management proceeded with a third reorganization. They announced the closing of the Oakland unit and transferred a part of its production of humid yeast to the Montréal unit. To do this, a large part of the dry yeast production manufactured by the Montréal unit would be allocated to other units located in Brazil and Portugal. These changes had a direct impact on the employees. Because of the reduction in the manufacture of dry yeast, only about 10 workers in the Operator B category were needed, and 30 positions were eliminated.

This decision to transfer production between units within the group led to contradictory interpretations at the Montréal unit. The local employer representatives, who hadn't expected the move, viewed it as a consequence of the corporate policy to allocate manufacturing to the most efficient unit. According to them, it showed that the efforts made to lower the production costs of dry yeast were the right move. The representatives indicated that the lost volume could be recovered by adding other measures to make the Montréal unit more efficient than those in Brazil and Portugal. On the union side, the reactions were diverse, but the main response came from the Operator B workers who believed that the decision was a local management ploy to shift in its favour the discussions on the prickly Operator B issue.

These events contributed nothing to improving relations between the parties, who had not met for six weeks. When they finally met, they questioned again the agreement which was entered at the time of the collective bargaining. Even though both parties came to realize that their deteriorated relations were hurting their chances of demonstrating the Montréal plant's efficiency, their relations had worsened to such a point at the beginning of summer 2002, that there were 54 grievances, 10 of which were grouped together in a collective grievance dealing with the Operator B category. Unable to agree, the parties ended the discussions and agreed to meet at the arbitration hearing set for October 2002.

On the union side, these events had produced unexpected results. In the context of the freeze on employer-union discussions and the preparatory work to support the collective grievance, the former union president and one of his former vice-presidents were restored to the executive, replacing the two officers who had resigned in the spring. Since both of them had participated in the initial discussions on creating the Operator B category, they played a crucial role in the preparatory work to support the collective grievance submitted to arbitration. Their growing influence led to the president's resignation who was immediately replaced by his predecessor. The incoming president appointed in his team a recently hired employee who had a great deal of experience as a union president.

The new executive, formed in the days preceding the arbitration hearing, was present on October 9 to support the grievance. Since several positions were involved, the presentations were long and the arbitration hearing had to be adjourned and rescheduled four months later. This postponement would prove to be helpful in settling the dispute.

Both parties admitted that this intensive exercise greatly helped in bringing them together and improving their relations.

In addition to the collective grievance concerning the Operator B workers, approximately 40 other grievances had not yet been resolved, some dating from the previous year. In this context, the parties in grievance committee decided to resolve as many grievances as possible. In a three-month time the grievance committee succeeded in resolving almost all of these grievances and a single one, relative to a dismissal, was submitted to arbitration. Both parties admitted that this intensive exercise greatly helped in bringing them together and improving their relations. They even considered a more collaborative approach. The results were so encouraging that the union proposed that they start discussions on the critical issue of Operator B category, despite the adjournment of the arbitration hearing.

Essentially, the Operator B dispute concerned only three positions. The employer claimed that their duties corresponded to those of the Operator B category, while the union held that they properly belonged in the Operator A category. After two weeks of discussions, the employer maintained its stance on two of the three positions, but agreed to give a $2 hourly bonus to the Operator B assigned to the automatic stacker, on the condition that he carried out the tasks done by the handlers. The employees roundly rejected this proposition. The handlers especially were opposed to it, fearing that its implementation would cause job cuts. In close collaboration with the members, the union executive initiated a process to identify various possible scenarios likely to gain their adhesion. Each scenario was then discussed with the employer to ensure his agreement. Toward the end of the process, the parties received the unexpected but welcome announcement that the Montréal plant would resume the production of dry yeast that had been given to the Brazil and Portugal units nine months earlier. After a week of extensive analysis, three scenarios were developed. The most favourable one was presented to the union's general assembly and was ratified by 85 per cent of the employees. The following day it was included in a letter of agreement between the parties.

According to both parties, the agreement represented a compromise: the employer approved the senior classification for the three positions in question, and the union dropped its initial demand on the issue of a retroactive

effect. In terms of work organization, the employer obtained, for two of the three positions, the accommodations it sought in order to further reduce the operating costs. In the first case, the new classification acknowledged an increase in the workload, due to the diminution in the number of employees in that position from three to one over the past 10 years, owing to technological changes. In the second case (the stacker), the measure was accompanied by a reduction of duties for the operator, in charge of the equipment maintenance, and the handlers. Henceforth, the stacker will be able to use a forklift to transport the pallets to the warehouse for packaging, a task previously carried out by the handlers. Once the operation is completed, the stacker will bring the pallet to another section so that the handlers can store it. To prevent negative fallout for the handlers, the agreement included guarantees concerning the granting of overtime related to packaging as well as job protection. In the third case (the operator responsible for the automatic canning equipment), the change took into account the degree of intensity of the work compared to that of the worker's counterpart in the humid yeast department, classified as Operator A. Also included in the agreement was a plan to implement a new type of work organization, by which this operator would be a member of a team of two workers. The two workers responsible for the section operation would both be in the Operator A category. The parties agreed that this innovation represented a first step toward implementing work teams, which they would strive to develop elsewhere in the factory.

The new arrangement brought more flexibility at the operational level while reducing costs overall. It became effective at a time when part of the dry yeast production quota was allocated to other units, resulting in the layoff of a number of operators B at the Montréal unit. The cost reduction initiative was implemented together with some other measures to improve quality, so as to optimize the price-quality ratio. In the follow-up to different scenarios, the Montréal plant was given back the production of dry yeast that had been assigned to the units in Brazil and Portugal. Once the agreement was signed, management and labour considered other measures to position the plant even better within the group.

Conclusion

This case illustrates a significant trend, observed since the 1980s, toward a greater dependence of industrial relations upon market forces. Today, external pressures have a much more direct impact on the internal job market protected by the traditional employment safety net inherited from the New Deal, which is gradually crumbling.

The Montréal plant decided to opt for a continuous improvement process and tight cost control in order to become one of the best-performing units in the group.

The company which has been reviewed, the Fleischmann's Yeast Montréal factory, specializes in the manufacture of three types of yeast serving, depending on their shelf life, the local, continental and international markets where the competition is fierce, both in terms of product price and quality. The plant, which is owned by a multinational company, is decentralized at the operational level but is centralized at the financial level. In the context, the Montréal plant must maximize its efforts to improve its position in North America and in the world as the corporate head office allocates production quotas commensurate with the cost-quality ratio achieved at the local level. This

corporate strategy creates lots of uncertainty among the units worldwide and requires them to become very flexible at the organizational level. To reduce uncertainties, the Montréal plant decided to opt for a continuous improvement process and tight cost control in order to become one of the best-performing units in the group. In the case of dry yeast manufacturing, the competition was so strong that the plant found it necessary to create a new category of workers with a salary cut of 20 per cent in order to recover the production allocated to a unit in Portugal a few months earlier.

For the union, the creation of this category divided employees into two camps. One wanted to maintain the existing safety net on the internal job market, but this was not without a high risk of negative fallout on employment. The other, which ended up carrying the day, had set objectives to internalize the external pressures by accepting a reduction in salaries, but with formal guarantees that the local management would revive its expansion plan and possibly hire a greater number of employees.

Subcontracting in the Manufacturing Sector

A Quebec-Ontario Comparison

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Study Context

The debate surrounding section 45 of the Quebec *Labour Code* and its impacts on subcontracting in Quebec has been going on for some time. The consultations carried out within the framework of the Mireault report (Mireault et al. 1997) and the 2001 revision of the *Labour Code* gave rise to bitter exchanges between management and unions. While one side wanted greater relaxation of the provisions of section 45 in order to make subcontracting easier, the other sought instead to make the provisions stricter, or at least maintain them as they were.

One of the striking aspects of this debate is the little amount of scientific study and the lack of factual data on subcontracting in unionized environments in Quebec. The majority of the research dealing with this issue is carried out from an essentially legal angle,[1] emphasizing decisions relative to section 45.[2] But is there in fact a link between section 45 and the quantity or the diversity of subcontracting in the province? Is less subcontracting done in Quebec than elsewhere as a result of section 45?

Establishing a causal link between section 45 and subcontracting in Quebec remains an extremely difficult, if not an hazardous exercise. There are very little recent data on the practice of subcontracting in Quebec companies, whether unionized or not. No data have been made available on subcontracting in Quebec or in Canada by the Institut de la statistique du Québec or Statistics Canada. Comparative data between Quebec and its neighbours would provide certain answers to the question of whether section 45 really decreases the level of subcontracting in Quebec, even if other provinces have equivalent legislative provisions

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[1] Other studies deal more specifically with collective agreement provisions on subcontracting (see Jalette and Warrian 2002, for instance).

[2] See, for instance, the work of Routhier-Boudreau (2002), of Chabot, Grant and Mallette (2001) as well as the work of Constantin and Villaran (1999).

(Mireault et al. 1997; Chabot et al. 2001). Without providing any definitive answers to the causal link question, such a comparison would certainly be likely to further the debate.

There are two studies that do provide some answers regarding subcontracting in Quebec in comparison to what is being done elsewhere in Canada. First, Aubert, Patry and Rivard (1999) carried out an enquiry with municipalities across Canada aiming at assessing the extent to which these municipalities subcontracted their activities. The authors concluded that "The outsourcing profile of Canadian municipalities is, however, very similar for all the regions studied" [translation]. Another study (Halley 2000), sponsored by the Canadian Federation of Independent Business, and carried out with member companies from the manufacturing and transportation industries and in part from the service industry, showed that 66.9 per cent of the Canadian companies taking part in the study acknowledged having outsourced contracts to subcontractors, and 64.2 per cent said they had done subcontracting work for another company. Only 19.6 per cent of respondents stated that they had never outsourced work or acted as a subcontractor. As for any differences between Quebec and the rest of Canada, the data were quite ambivalent. In many of the seven activities studied, fewer Quebec companies subcontracted. However, the amount of subcontracts granted was greater in Quebec over the three years studied. Based on these few available empirical studies, the existence of a significant difference between subcontracting levels in Quebec and elsewhere in Canada is far from established. The importance of the current debate, the limitations of past studies and the absence of official data amply justify pursuing in-depth research in the field.

Methodology

Objectives

This research has two objectives:

1) to assess the practice of subcontracting in Quebec companies and

2) to compare the situation in Quebec to the one prevailing elsewhere in order to establish whether the Quebec situation is different.

Research Strategy

To reach these objectives, a certain number of research choices were made.

First, the research was limited to one specific sector, manufacturing. Focusing on a single sector is justified by the fact that the subcontracting phenomenon takes on various forms and the stakes are somewhat different depending on the sector. The subcontracting issue is not perceived in the same way in the private and public sectors, or in the manufacturing and services sectors. It is easier to target research on one sector in order to measure its subcontracting level properly. Manufacturing was selected because subcontracting is practised by a large proportion of establishments—approximately two out of three establishments, according to Halley (2000)—and it is an industry greatly exposed to international competition, where establishments are likely to introduce innovations, such as subcontracting, in production management (see, for instance, Lapointe et al. 2001; Bélanger et al. 2002).

The second decision to be made concerned the selection of which province should be compared to Quebec. Ontario was chosen for various reasons. The province is traditionally used in comparisons with Quebec because of its proximity and the size of its economy.

Selecting Ontario is also interesting because of the contrast that exists at the political level (until recently, at least): the Progressive Conservative government in Ontario was known for its neo-liberal policies regarding labour, while Quebec policies were seen as being more toward the centre of the political spectrum.

The last important decision regarding research strategy was to choose the data collection method to be used to reach our objectives. We decided to conduct a telephone survey. This method seemed to be the quickest and most effective, taking into account the nature of the survey and the unavoidable budget and time constraints involved in such research.

To sum up, the research strategy consisted of conducting a telephone survey with establishments from the manufacturing sector located in Quebec and in Ontario.

Sample Selection

The manufacturing sector establishments targeted by the telephone survey were chosen from the four following subsectors:

Primary manufacturing

- wood products
- paper
- petroleum and coal products
- non-metallic mineral products
- primary metal manufacturing

Secondary manufacturing

- chemical products
- rubber and plastic products
- metal products

Labour-intensive tertiary manufacturing

- food
- beverages
- textile mills
- textile products mills
- clothing
- leather and allied products
- furniture and related products
- various manufacturing activities

Capital-intensive tertiary manufacturing

- printing and related support activities
- machinery
- computer and electronic products
- materials, electrical devices and components
- transportation equipment

The analysis was done using a random stratified sample. The objective was to contact 100 establishments in each of the four subsectors in each province, or 800 establishments in all. In each stratum, we had to get in touch with 33 establishments having fewer than 50 employees, 33 establishments having 50 to 199 employees, and 33 establishments having 200 employees or more. The structure of the manufacturing sector being different in Quebec and Ontario, the sampling strategy prevents the skewing of the results. Weighting of results according to the distribution of the local establishments would increase total representativeness but would also increase potential effect of the different industrial structures.

Survey Frame

The names and addresses of the Quebec and Ontario establishments to be contacted were provided by Dun & Bradstreet. The database consisted of Canadian companies whose main activity is manufacturing.

Questionnaire

A questionnaire was developed for the purposes of this survey.[3] Other than the general identification questions, the questions dealt with nine activities in which the establishment was likely to be involved in the normal course of its operations:

1) machining of parts, product manufacturing and assembly;
2) equipment maintenance;
3) product transportation;
4) cleaning services;
5) security services;
6) food services;
7) financial services (payroll, accounting, etc.);
8) computer services;
9) administrative support (secretarial, clerks, etc.).

For each activity, the interviewer asked the respondent whether this activity was carried out entirely, in part or not at all by the establishment's employees. Depending on the establishment's situation, the interviewer asked respondents why the activity in question was not outsourced, why subcontractors were not used more frequently, and what problems occurred when the activity was outsourced. In order to make things easier for the respondents, we took their spontaneous answers to these questions, except those pertaining to the machining of parts, product manufacturing and assembly, for which a list of a dozen possible answers was provided. The answers were then submitted one by one to the respondent. The use of open questions regarding the other eight activities, to which the respondent answered spontaneously without any answers being suggested, allowed us to pinpoint motives we had not previously considered and test the validity of the motives we had already identified. The questionnaire was first designed in French and then translated into English. A pretest was carried out with approximately 10 establishments to validate the questionnaire's content. Certain aspects needed to be clarified, specifically by restating some questions and adding answer choices. The time required to complete the questionnaire was about 10 minutes. In almost half the cases, the establishment's respondent was the human resource manager. In the other cases, the respondent was the owner or the president of the company, the plant manager or the production manager.

Interview Schedule

The telephone interviews were carried out between August 18 and September 12, 2003, from the call centre of the Montréal firm Écho Sondage, which was in charge of conducting the survey.

Response Rate and Sample

The response rate was 58 per cent. In Quebec, the quotas were reached in every subsector. In Ontario, only one sectoral objective was not reached in the secondary manufacturing subsector. The survey also registered incomplete quotas among small establishments, several of which were no longer in operation. Table 1 presents the number of survey respondents by industry subsector, establishment size and province.

Margin of Error

The maximum margin of error for the sample of 440 Quebec companies is ±4.7 per cent, with a confidence level of 95 per cent. The

[3] The author will provide the questionnaire upon request.

maximum margin of error for the sample of 405 Ontario companies is ±4.9 per cent.

Respondent Profile

Table 1 presents the respondent establishment profile based on various characteristics. The breakdown of the respondents by subsector and size is relatively similar from one province to the other. The main difference is union presence. In Quebec, 44.3 per cent of the sampled establishments are unionized, while only 30.6 per cent of the Ontario establishments are unionized. This difference between union rates in the two provinces is similar to the one observed by Girard (2002). However, data provided by Statistics Canada lead us to believe that our sample probably over-represents the proportion of unionized establishments among the population, especially in Ontario. This over-sampling nevertheless implies that the margin of error of our survey will be smaller with regard to the unionized establishments. This is useful, considering that the main objective of the research is to assess and compare subcontracting in Quebec, specifically in unionized establishments subject to section 45.

Results

The survey results are described below. The first section discusses general indicators on the volume of subcontracting activity in Quebec and Ontario. The second section presents detailed results by activity. The third section describes the motives, or reasons, behind establishments' decisions not to subcontract or to cease doing so.

General Subcontracting Indicators

Table 2 shows the average number of subcontracting activities per establishment. For each establishment, the total number of subcontracting activities was established by adding up the activities that were in fact outsourced[4] among

Table 1

Number of Establishments Participating in the Survey by Province, Manufacturing Subsector, and Establishment Size

	Quebec		Ontario		Total	
	%	N	%	N	%	N
Total number of establishment respondents (N)	100.0	440	100.0	405	100.0	845
Subsector of the manufacturing industry						
• Primary manufacturing	29.3	129	28.6	116	29.0	245
• Secondary manufacturing	23.6	104	21.0	85	22.4	189
• Labour-intensive tertiary manufacturing	23.9	105	24.4	99	24.1	204
• Capital-intensive tertiary manufacturing	23.2	102	25.9	105	24.5	207
Size						
• 1–49 employees	26.8	118	28.4	115	27.6	233
• 50–199 employees	35.0	154	36.8	149	35.9	303
• 200+ employees	38.2	168	34.8	141	36.6	309
Unionized establishments	44.3	195	30.6	124	37.8	319

[4] An activity was considered as being outsourced if it was subcontracted entirely or in part.

Table 2

Average Number of Activities Outsourced

	Quebec		Ontario	
	%	N	%	N
Establishsments Overall	3.0	440	2.7	405
• 1–49 employees	2.5	118	2.2	111
• 50–199 employees	3.1	149	2.9	144
• 200+ employees	3.3	163	3.0	132
• Unionized	3.2	195	3.2	124
• Non-unionized	2.9	245	2.5	281

the nine activities surveyed. On average, the Quebec establishments outsource more activities than their Ontario counterparts. However, these differences are not very significant, regardless of the size of the establishment or the presence of a union.

Table 3 shows the distribution of establishments according to the number of activities they subcontract. In Quebec, 95.2 per cent of establishments outsource at least one activity, while 87.9 per cent of establishments in Ontario participate in outsourcing. Consequently, about half as many Quebec establishments never outsource. Moreover, in both provinces, it seems that there are more non-unionized establishments (approximately four times more) than unionized establishments where none of the activities considered in the survey is subcontracted. It is possible that the higher labour costs in a unionized environment constitute a direct incentive to subcontract. However, this difference may be speculative.

One last indicator for the overall measurement of subcontracting in Quebec and Ontario is where one manufacturing establishment acts as a subcontractor for other establishments. Table 4 shows that Quebec has more establishments acting as subcontractors, although the difference is slim. In both provinces, it seems that non-unionized firms are more likely to act as subcontractors, probably because of their lower labour costs. Smaller establishments are also more likely to act as subcontractors.

Table 3

Distribution of Establishments by Number of Activities Outsourced

	Quebec Number of Activities						Ontario Number of Activities					
	0 %	1–2 %	3–4 %	5–6 %	7–8 %	N	0 %	1–2 %	3–4 %	5–6 %	7–8 %	N
Establishments Overall	4.8	31.4	48.2	14.7	0.9	440	12.1	28.9	44.2	14.6	0.2	405
• 1–49 employees	11.9	38.1	39.0	11.0	0.0	118	23.5	27.0	40.8	8.7	0.0	115
• 50–199 employees	2.6	32.5	50.0	14.2	0.6	154	8.7	28.9	46.9	15.5	0.0	149
• 200+ employees	1.8	25.6	53.0	17.9	1.8	168	6.4	30.5	44.0	18.5	0.7	141
• Unionized	1.5	28.2	53.8	14.9	1.5	195	4.0	26.6	49.2	19.3	0.8	124
• Non unionized	7.3	33.9	43.7	14.7	0.4	245	15.7	29.9	42.0	12.0	0.0	281

Caution must be used to interpret these results, considering the margins of error involved.

Finally, Table 5 sheds additional light on the situation by combining the last two indicators. This reveals that 3.4 per cent of the establishments surveyed in Quebec and 7.9 per cent of those surveyed in Ontario do not outsource any activities and do not act as subcontractors for other companies. In other words, over 96 per cent of Quebec establishments and over 92 per cent of Ontario establishments from the manufacturing sector use subcontractors or are subcontractors.

Table 4

Establishments Acting as Subcontractors for Other Companies

	Quebec		Ontario	
	%	N	%	N
Establishsments Overall	34.2	430	31.3	387
• 1–49 employees	41.5	118	46.8	111
• 50–199 employees	39.6	149	33.3	144
• 200+ employees	23.9	163	15.9	132
• Unionized	26.7	187	26.1	119
• Non-unionized	39.9	243	33.6	268

Table 5

Establishments That Do Not Outsource Any Activity and Do Not Act as Subcontractors for Other Companies

	Québec		Ontario	
	%	N	%	N
Establishments Overall	3.4	440	7.9	405

Outsourced Activities

Table 6 presents more detailed results by activity. For the large majority of activities, there does not seem to be any significant difference between Quebec and Ontario. Four activities—administrative support, financial, computer and food services—are outsourced in very similar proportions in both provinces. The first three functions are for the most part carried out in-house, while food services are mainly outsourced.[5] Differences between Quebec and Ontario are also slim with respect to equipment maintenance, product transportation and cleaning services, considering the margins of error associated with these results. The only difference that seems to be significant between the two provinces concerns machining of parts, manufacturing and assembly: the proportion of establishments that subcontract this activity entirely or in part is greater among Quebec than among Ontario establishments. Another significant difference exists in security services, but these results are based on a more limited number of observations.

In Table 7, outsourced activities are divided according to the presence or absence of a union in the establishment. In Quebec, the differences between unionized and non-unionized environments are quite slim when the results for each activity are examined individually. Although some results seem to show that unionized establishments subcontract a little more than non-unionized establishments such a conclusion remains subject to caution due to the margins of error associated with these results. The

[5] Caution must be used when interpreting the result concerning food services due to the small number of cases involved.

Table 6

Distribution of Establishment Activities, Outsourced or Not

	Quebec				Ontario			
	Outsourced Activities				Outsourced Activities			
	entirely %	in part %	not at all %	N	entirely %	in part %	not at all %	N
Machining of parts, manufacturing and assembly	8.6	37.1	54.3	420	3.4	17.0	79.6	383
Equipment maintenance	1.6	35.9	60.2	430	5.6	42.1	52.3	392
Product transportation	53.4	27.6	19.0	406	44.5	27.6	27.9	355
Cleaning services	35.1	14.3	50.6	433	37.1	18.9	44.0	391
Security services	44.0	8.8	47.3	91	70.1	6.0	23.9	67
Food services	71.6	12.5	15.9	88	80.3	4.9	14.8	61
Financial services	8.9	22.0	69.1	437	9.1	17.0	73.9	394
Computer services	14.6	20.6	64.7	417	13.9	22.2	63.9	374
Administrative support	2.4	2.6	95.0	422	1.6	3.7	94.7	374

trend of similarity between both sectors is also observed in Ontario, except for activities such as equipment maintenance, product transportation and cleaning services, which are outsourced slightly more often by unionized establishments, probably because of the higher in-house labour costs.

Motives

Table 8 presents the motives given by the establishments as to why an activity is not outsourced at all or not outsourced more often. Concerning the machining of parts, manufacturing and assembly,[6] the reason most often stated in both provinces is simply that the company never considered this possibility. It seems that Quebec establishments, proportionally, have given more thought to this option than their Ontario counterparts, which could explain why this activity is subcontracted more often in Quebec (see Table 6). The wish to fully use the skills available in-house in order to keep from losing them is the second most important motive in both provinces. The difficulty in finding a company capable of meeting quality specifications and criteria, the wish to avoid layoffs, as well as an insufficient production volume and the non-relevance of subcontracting represent the other most frequently stated motives in both provinces.

As for the other activities, it is important to note that a significant proportion of respondents spontaneously mentioned two motives that were not part of the pre-established list: the necessity of employing one person in-house permanently to oversee an activity; and the ease, the speed and the simplicity associated with retaining the activity in-house. The wish

[6] For each motive, the respondent had to choose one of three answers: entirely, in part, or not at all. The numbers presented here were compiled by adding the "entirely" answers to the "in part" answers.

Table 7

Distribution of Establishment Activities, Outsourced or Not, According to the Presence of a Union

	Quebec Outsourced Activities				Ontario Outsourced Activities			
	entirely %	in part %	not at all %	N	entirely %	in part %	not at all %	N
• Machining of parts, manufacturing and assembly	5.4	41.1	53.5	185	0.0	13.2	86.8	121
	11.1	34.0	54.9	235	5.0	18.7	76.3	262
• Equipment maintenance	0.0	40.7	59.3	194	4.2	55.0	40.8	120
	7.2	31.8	61.0	236	6.3	36.4	57.4	272
• Product transportation	61.9	27.1	11.0	181	57.8	28.4	13.8	109
	46.7	28.0	25.3	225	38.6	27.2	34.1	246
• Cleaning services	38.5	17.9	43.6	195	47.1	25.6	27.3	121
	32.4	11.3	56.3	238	32.6	15.9	51.5	270
• Security services	44.1	8.5	47.5	59	77.8	5.6	16.7	36
	43.8	9.4	46.9	32	61.3	6.5	32.3	31
• Food services	78.0	12.2	9.8	41	79.3	3.4	17.2	29
	66.0	12.8	21.3	47	81.3	6.3	12.5	32
• Financial services	1.5	22.1	76.4	195	6.6	16.5	76.9	121
	14.9	21.9	63.2	242	10.3	17.2	72.5	273
• Computer services	10.3	22.7	67.0	194	13.7	17.1	69.2	117
	18.4	18.8	62.8	223	14.0	24.5	61.5	257
• Administrative support	0.5	3.7	95.8	191	0.8	6.5	92.7	123
	3.9	1.7	94.4	231	2.0	2.4	95.6	251

Unionized.
Non-unionized.

to use these skills in-house in order to avoid losing them was another of the motives most often mentioned in both provinces, in keeping with the results concerning the machining of parts, manufacturing and assembly activity.

Finally, it is important to point out that labour regulations—the collective agreement, the *Labour Code* or labour standards—remain of marginal significance in the decision not to outsource an activity or not to outsource it more often, no matter the activity or the province in question.

Table 9 distinguishes between the reasons given by respondents in unionized and non-unionized establishments. As for the machining of parts, manufacturing and assembly, the motive most often mentioned, whether the establishment is unionized or not, is that the establishment

Table 8

Motives Given by the Establishments as to Why They Do Not Subcontract or Do Not Subcontract More Often

	Quebec		Ontario	
	%	N	%	N
• The company has a no subcontracting policy	30.9	168	9.9	101
	4.3	116	1.5	32
• Difficulties in finding a company able to meet quality specifications and criteria	47.6	168	34.7	101
	3.1	84	2.3	49
• The company does not have the necessary production volume	41.1	170	39.6	101
	1.1	30	1.3	28
• Outsourcing this type of work is too expensive	42.0	169	30.7	101
	8.0	219	10.2	214
• Subcontracting is not an appropriate method	43.9	164	32.0	100
	5.7	155	5.3	112
• The skills are available in-house and we do not want to lose them	66.1	171	48.5	99
	20.1	550	36.4	767
• The company does not want to make layoffs	54.1	172	37.7	98
	1.4	38	0.1	1
• This would lead to difficulties with the employees	32.7	171	32.3	99
	0.7	18	0.1	1
• The collective agreement does not allow it	26.3	114	30.0	40
	2.0	55	1.5	32
• The *Labour Code* makes subcontracting difficult	11.3	115	15.0	40
	0.6	15	0.2	4
• The labour standards make subcontracting difficult	9.5	169	12.1	99
	0.4	10	0.1	3
• Someone needed in-house permanently	--	--	--	--
	18.4	503	11.0	231
• A matter of organization: faster, easier, simpler to maintain the activity in-house	--	--	--	--
	25.9	708	11.0	232
• Other	--	--	--	--
	4.6	126	13.2	277
• The company did not consider subcontracting	62.6	302	83.4	302
	3.8	104	5.8	122

[redacted] Machining – Grouping the answers obtained for the activities concerning the machining of parts, manufacturing and assembly with those obtained for the other activities was not possible because the questions asked were not the same. In the case of the first activity, multiple choices were offered to the respondent; that is, he or she was asked whether any of the items ever constituted a motive to not subcontract or not subcontract more often. For each of the other activities, the respondents were instead asked what the two main motives were as to why the activity was not outsourced or why it was not outsourced more frequently. The respondents had to spontaneously provide an answer.

Other activities – The answers provided for each activity were added up. In total, the Quebec unionized respondents gave 1,289 motives and non-unionized respondents gave 1,442 motives. As for Ontario, the totals were 638 motives for unionized establishments and 1,467 motives for non-unionized establishments. The proportions are expressed according to these totals and not according to the number of respondents, as is the case for the numbers on the machining of parts, manufacturing and assembly activity.

Table 9

Motives Given by the Establishments as to Why They Do Not Subcontract or Do Not Subcontract More Often, According to Union Presence

	Quebec				Ontario			
	Unionized %	N	Non-unionized %	N	Unionized %	N	Non-unionized %	N
• The company has a no subcontracting policy	38.2	81	24.1	87	15.6	32	7.2	69
	4.7	61	3.8	55	1.1	7	1.7	25
• Difficulties in finding a company able to meet quality specifications and criteria	41.2	82	43.2	86	31.2	32	36.2	69
	3.3	42	2.9	42	3.0	19	2.0	30
• The company does not have the necessary production volume	38.5	83	43.7	87	31.3	32	43.4	69
	0.1	1	2.0	29	0.5	3	1.7	25
• Outsourcing this type of work is too expensive	39.5	81	44.4	88	35.5	31	28.6	70
	8.7	112	7.4	107	9.4	60	10.5	154
• Subcontracting is not an appropriate method	39.2	79	48.3	85	19.3	31	37.6	69
	5.2	67	6.1	88	4.2	27	5.8	85
• The skills are available in-house and we do not want to lose them	71.1	83	61.4	88	48.4	31	48.6	68
	17.8	230	22.2	320	36.7	234	36.3	533
• The company does not want to make layoffs	62.6	83	46.1	89	33.3	30	39.7	68
	1.2	15	1.6	23	0.0	0	0.1	1
• This would lead to difficulties with the employees	50.6	83	15.9	88	38.8	31	29.4	68
	0.9	12	0.4	6	0.0	0	0.1	1
• The collective agreement does not allow it	36.7	79	2.9	35	35.5	31	11.1	9
	3.9	50	0.4	5	4.6	29	0.2	3
• The *Labour Code* makes subcontracting difficult	13.9	79	5.6	36	13.3	30	20.0	10
	0.2	2	0.9	13	0.5	3	0.1	1
• The labour standards make subcontracting difficult	14.6	82	4.6	87	10.0	30	13.0	69
	0.4	5	0.4	5	0.2	1	0.1	2
• Someone needed in-house permanently	--	--	--	--	--	--	--	--
	20.7	267	16.4	236	12.4	79	10.4	152
• A matter of organization: faster, easier, simpler to maintain the activity in-house	--	--	--	--	--	--	--	--
	25.9	334	25.9	374	8.8	56	12.0	176
• Other	--	--	--	--	--	--	--	--
	3.9	50	5.3	76	5.6	36	5.9	86
• The company did not consider subcontracting	57.5	127	66.3	175	83.2	95	83.6	207
	3.2	41	4.4	63	13.2	84	13.2	193

Machining – Grouping the answers obtained for the activities concerning the machining of parts, manufacturing and assembly with those obtained for the other activities was not possible because the questions asked were not the same. In the case of the first activity, multiple choices were offered to the respondent; that is, he or she was asked whether any of the items ever constituted a motive to not subcontract or not subcontract more often. For each of the other activities, the respondents were instead asked what the two main motives were as to why the activity was not outsourced or why it was not outsourced more frequently. The respondents had to spontaneously provide an answer.

Other activities – The answers provided for each activity were added up. In total, the Quebec respondents gave 2,731 motives and the Ontario respondents gave 2,105 motives. The proportions are expressed according to these totals and not according to the number of respondents, as is the case for the numbers on the machining of parts, manufacturing and assembly activity.

never considered subcontracting the activity or subcontracting it more often. The availability of the skills in-house and the wish to avoid layoffs also represent significant motives in both unionized and non-unionized companies. Reasons related to work relations and labour regulations—difficulties with the establishments, collective agreement, *Labour Code*, labour standards—seem to come up more often in unionized environments, where subcontracting is more regulated and discussed more openly. However, once again, it is difficult to find any significant differences, considering the few observations made.

The same results can be seen for the other activities. There really is no significant difference between unionized and non-unionized environments with regard to the motives identified, whether in Quebec or Ontario. The majority of companies have not considered the issue; they want to use the skills available in-house in order to avoid losing them; they need someone in-house permanently; or they believe that it is simpler, easier and quicker to maintain the activity in-house. In both provinces, the motives related to labour regulations seem to have little impact on subcontracting decisions.

Conclusion

The study of the subcontracting phenomenon in establishments from the manufacturing sector in Quebec and in Ontario led to three broad findings.

The first finding is that subcontracting practices in Quebec do not markedly differ from those in Ontario. The subcontracting indicators show that in several respects, Quebec establishments outsource more activities than Ontario establishments, but these differences are not all significant. Activities concerning the machining of parts, manufacturing and assembly are more often subcontracted in Quebec than in Ontario.

The second finding is that the differences between unionized and non-unionized establishments are relatively slim in both Quebec and Ontario. There are mixed results at this level. While unionized establishments subcontract more often than non-unionized establishments, the latter act more often as subcontractors. Moreover, it is possible that the size of the establishments plays a role in any differences between unionized and non-unionized establishments.

The third finding is that there is no obvious difference between Quebec and Ontario in the companies' consistency and experience with subcontracting. As for the motives for not subcontracting in both provinces, many establishments prefer making full use of the skills available in-house, and some believe they need someone in-house permanently to carry out an activity. For others, it is often simpler, quicker and easier to maintain the activity in-house. A greater proportion of Quebec establishments than Ontario establishments seem to have considered the possibility of subcontracting a few of their activities. Considering the background to this research, we should point out that the "non-subcontracting" motives related to labour regulations—collective agreements, the *Labour Code* and labour standards—remain of marginal significance in both provinces.

What answers does this research offer to the question of whether less subcontracting takes place in Quebec because of section 45 of the *Labour Code*? This study did not aim to establish such a causal link. Instead, the goal was to assess the practice of subcontracting in Quebec compared with Ontario. As for subcontracting itself, the study shows that this production organization method is widespread

in Quebec: over 96 per cent of the establishments surveyed either subcontract or act as a subcontractor, and they outsource an average of three of the activities included in the survey. The practice of subcontracting in Quebec is therefore far from limited.

Moreover, this study tends to show that the practice of subcontracting in the manufacturing sector is very similar in Quebec and Ontario. At first glance, the differing legislative context does not seem to have created important differences. Much more significant differences would have had to be observed to consider the legislative context a potential explanatory factor. More in-depth studies are needed to examine the link between labour legislation and the practice of subcontracting.

This study advances our knowledge of subcontracting in Quebec organizations. The sample of organizations studied is one of the largest ever surveyed on this subject in the manufacturing sector in Quebec and in Ontario. The questionnaire developed contains the most sophisticated measures to define a phenomenon that is not always easy to report on. Despite its limitations (only one sector studied, survey frame coverage, etc.), this research will certainly enable discussions on subcontracting in Quebec to move forward. This research will have achieved valuable success if it stimulates the production of other studies and enquiries on this issue.

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Selection of Recent Changes in Canadian Labour Laws

Adopted Bills, Regulations and Other Statutory Instruments

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Federal: *Public Service Modernization Act*; Bill C-25; Assented to November 7, 2003

The purpose of this Bill is to modernize staffing procedures, labour relations, learning and human resources management in the public service.

With respect to labour relations, the *Bill* will provide for a new *Public Service Labour Relations Act* (Part 1 of the *Public Service Modernization Act*), which will bring many changes to the current legislation, while maintaining the existing basic labour relations framework.

Current Law Replaced

The *Public Service Labour Relations Act* will replace the *Public Service Staff Relations Act*.

Preamble

A new preamble will underscore the value of cooperative labour relations, within a context where protection of the public interest remains paramount.

Consultation and Co-development of Workplace Improvements

The new *Act* will require each deputy head, in consultation with bargaining agents, to establish a labour-management committee for their department for the purpose of exchanging information and obtaining views and advice on workplace issues affecting the employees. Such issues may include harassment in the workplace and the disclosure of information concerning wrongdoing in the public service and the protection from reprisal of employees who disclose such information.

The *Act* will also include an enabling provision whereby the employer or deputy heads may engage in co-development of workplace improvements with bargaining agents, through the National Joint Council (NJC) or any other forum they choose. Co-development of workplace improvements will be defined as "the consultation between the parties on workplace issues and their participation in the identification of workplace problems and the development and analysis of solutions to those problems with a view to adopting mutually agreed to solutions."

New Public Service Labour Relations Board (PSLRB)

The PSLRB will replace the Public Service Staff Relations Board. Its mandate will be broadened to provide adjudication, mediation and compensation analysis and research services. It will also continue to provide facilities and administrative support to the NJC, which will be recognized in the *Act*.

Adjudication services will consist of the hearing of applications and complaints dealing with labour relations and occupational health and safety matters, and the referral of grievances to adjudication.

— Please note that this article is based on labour legislation adopted or proclaimed before November 25, 2003.

Mediation services will assist the employer and bargaining agents in concluding a collective agreement, in managing their relations while a collective agreement is in force and in mediating in relation to grievances. Compensation analysis and research services will consist of conducting compensation surveys, compiling and analyzing compensation data, and sharing the information with the parties and the public, as well as conducting market-based compensation research that the Chairperson of the PSLRB may require. An advisory board will be established to provide advice to the Chairperson on the compensation analysis and research services provided by the Board.

Elimination of Certain Exclusions

Lawyers hired by the Department of Justice or the Canada Customs and Revenue Agency and employees of the Treasury Board Secretariat will no longer automatically be considered to be in managerial or confidential positions and, as such, be excluded from collective bargaining. Rather, the employer may apply to the PSLRB for an order declaring that any position is a managerial or confidential position under the *Act*. If an objection is filed by an employee organization seeking to be certified or the bargaining agent in respect of a position, the PSLRB will, after giving the parties an opportunity to make representations, make a determination on a case-by-case basis, depending on the particular functions involved. A transitional provision will ensure that non-excluded Department of Justice and Canada Customs and Revenue Agency lawyers are given the choice of whether they wish to be represented by a bargaining agent.

When the position of an employee in a bargaining unit for which a bargaining agent has been certified is proposed for exclusion by the employer and the bargaining agent files an objection, the membership dues paid by the employee will be held by the employer pending a determination by the PSLRB. If the Board concludes that the position must be excluded or if the objection is withdrawn, the dues held by the employer will be remitted to the employee; otherwise, they will be remitted to the bargaining agent.

Management Rights

Management rights will remain unchanged. The employer will retain the right to determine its own organization, the assignment of duties and classification of positions.

Scope of Bargaining

The scope of bargaining will not change. Matters which currently are not bargainable—notably matters provided for by the *Public Service Superannuation Act* and the *Public Service Employment Act* (e.g. staffing)—will remain non-bargainable.

Two-tier Bargaining

Two-tier bargaining will allow for service-wide bargaining to set the broad parameters for terms and conditions of employment in a bargaining unit, while permitting precise details to be negotiated in departments, if the employer, bargaining agent and deputy head jointly agree. It is designed to result in terms and conditions more appropriately tailored to the needs of the parties.

Mediation

The new *Act* will enable the PSLRB Chairperson, upon request or on his/her own initiative, to appoint a mediator at any time to assist the parties in resolving a collective bargaining dispute. The techniques at the disposal of the latter will include mediation, fact-finding and facilitation. The mediator will be able to make recommendations for resolving the dispute, if requested by the Chairperson or the parties.

Mediation services will also be available to assist parties to resolve grievances.

Choice of Dispute Resolution Process

A bargaining agent will continue to be able to choose which dispute resolution process—binding arbitration or conciliation—it wishes to apply to resolve an impasse in collective bargaining.

Arbitration

When the process for the resolution of a collective bargaining dispute is arbitration, the factors to be considered by the arbitration board will be broadened to include the state of the Canadian economy and the Government of Canada's fiscal circumstances.

Enhanced Conciliation

When the process for the resolution of a dispute is conciliation, conciliation boards and conciliation commissioners will be replaced by public interest commissions. A public interest commission (PIC) will be a non-permanent body consisting of one or three persons, appointed by the Minister responsible, to assist the parties to resolve their dispute and to make recommendations for settlement. The Chairperson of the PSLRB will be able to recommend to the Minister the appointment of a public interest commission either at the request of one of the parties or on his/her own initiative.

If a public interest commission is to consist of one person, that person will be appointed from a list of persons jointly recommended by the parties plus, if necessary, persons chosen by the Chairperson of the PSLRB after consultation with the parties. If either party requests that the PIC consist of three members, each party will nominate a person and the two nominees will jointly select a chair from the list (the Minister will nominate a person and/or select a chair from the list, if there is failure to do so).

The factors to be considered in making a PIC report will be the same as for arbitration (see the preceding sub-title). The PIC may be appointed even if the parties have not yet concluded or amended an essential services agreement—both procedures may take place simultaneously.

Essential Services

The current essential services provisions, applicable when the collective bargaining dispute resolution process is conciliation, will be replaced by new ones.

Essential services will continue to be based on the safety or security of the public. The employer will continue to have the exclusive right to establish the level at which an essential service must be provided (e.g. the employer may determine the extent and frequency of essential services).

If the employer has given notice to the bargaining agent that employees in the bargaining unit occupy positions considered necessary to provide essential services, the parties will be required to negotiate and make every reasonable effort to enter into an essential services agreement (ESA), determining the types and number of positions needed to provide the essential services at the levels determined by the employer and identifying the specific positions in question. If they are unable to do so, either of them may apply to the PSLRB to determine any unresolved matter. ESAs may be amended from time to time by the parties or, if they are unable to do so, by the Board upon application by either of them. The *Act* will also provide that the employer or bargaining agent may apply to the PSLRB to temporarily amend, or suspend, an ESA in cases of emergency.

Procedures for notifying employees that they provide essential services will be streamlined by allowing the employer to give a one-time notification. The notice will remain valid so long as the employee continues to occupy the position, unless the employer notifies him/her that the position is no longer necessary to provide essential services.

The right to strike will not be acquired until 30 days after an ESA has been concluded or amended. No employee who occupies a position necessary to provide essential services will be allowed to participate in a strike. It will be prohibited for any person to impede or prevent employees who provide essential services from entering or leaving their place of work.

Strike Votes

Provisions similar to those added to the *Canada Labour Code* in 1999 will require a bargaining agent to hold a secret ballot vote in order to obtain approval for a strike. The *Act* will ensure that all bargaining unit employees have the right to vote and are given reasonable opportunity to vote. To be valid, a strike vote will have to be held within the 60 days (or any longer period agreed to by the parties) preceding any strike. A majority of those voting will have to be in favour of a strike before it may be declared.

Unfair Labour Practices

Similar to the *Canada Labour Code*, the unfair labour practices provisions will be more comprehensive, including more detailed provisions as to what constitutes prohibited actions by the employer or an employee organization. A provision will state that it does not constitute an unfair labour practice for the employer to permit employees to attend to the business of an employee organization during hours of work.

Prohibitions and Enforcement

The prohibitions provisions will be more comprehensive, including express authority for the PSLRB to make certain compliance orders relating to illegal strikes, as is the case for the Canada Industrial Relations Board under the *Canada Labour Code*.

Informal Conflict Management System

Each deputy head in the core public administration will be required, in consultation with bargaining agents representing employees in the department or organization, to establish an informal conflict management system and inform the employees in the department or organization of its availability.

Grievances Related to Discrimination

Employees will no longer be prevented from grieving if the grievance involves an issue of discrimination, except as it relates to the right to equal pay for work of equal value. If discrimination is an aspect of a grievance that is referred to adjudication, the adjudicator will be able to interpret and apply the *Canadian Human Rights Act* and, if appropriate, give monetary relief in accordance with that Act for pain and suffering and/or special compensation where the behaviour was wilful or reckless.

If a grievance involving discrimination is referred to adjudication, the Canadian Human Rights Commission (CHRC) will receive notice of it and will have standing to make submissions to the adjudicator. This is designed to promote better decision-making by adjudicators in the area of discrimination in employment and to streamline recourse. However, the provisions of the *Act* will not prevent an employee from making a complaint to the CHRC. Also, the CHRC will continue to have the exclusive responsibility to examine complaints of systemic discrimination such as those filed in respect of the right to equal pay for work of equal value.

Complaints under Internal Policies

In order to minimize duplication, an employee who wishes to have a workplace dispute settled will have to choose between presenting a grievance or making a complaint under any applicable internal policy of the employer (such as, in the case of harassment disputes, the Treasury Board Policy on the Prevention and Resolution of Harassment in the Workplace). This requirement to choose will only apply where the internal policy expressly states that the employee gives up his/her right to present a grievance under the *Act* when he/she pursues relief under the policy.

Group and Policy Grievances

Group grievances will be allowed under the new *Act*, subject to some limitations (e.g. a group grievance may not be presented in respect of the right to equal pay for work of equal value). A group grievance will involve two or more employees in a single

department who are directly affected by the same interpretation or application of a collective agreement or an arbitral award. Employees will be able to opt into a group grievance and their bargaining agent will present the grievance. If an employee decides that he/she no longer wishes to participate in a group grievance, the employee may opt out at any time before a final decision is made.

A policy grievance may be presented by either the bargaining agent or the employer respecting the interpretation or application of a collective agreement or an arbitral award, subject to some limitations (e.g. a policy grievance may not be presented in respect of the right to equal pay for work of equal value). A party that presents a policy grievance may refer it to adjudication. If the policy grievance relates to a matter that was or could have been the subject of an individual or group grievance, an adjudicator will be limited to determining the correct interpretation or application of the collective agreement or arbitral award.

Unsatisfactory Performance and Grievance Adjudication

If an employee grieves against a termination of employment or demotion for unsatisfactory performance and refers the grievance to adjudication, new provisions in the *Act* will require the adjudicator to examine the reasonableness of the deputy head's opinion of unsatisfactory performance. Adjudicators will not be allowed to substitute their own opinion for that of the deputy head, if the deputy head's opinion is determined to have been reasonable.

Deployment Grievances

Grievances against deployment will be allowed under the *Act*. Deployment grievances will only be adjudicable when they relate to deployment without the employee's consent, where consent is required. An adjudicator will be allowed to examine the circumstances of the case to determine whether consent to being deployed was a condition of employment or the grievor harassed another person in the course of his/her employment.

Judicial Review and Enforcement

New provisions will state that every decision of the PSLRB or an adjudicator is final and may not be questioned or reviewed in any court, except on a question of law or jurisdiction.

Other new provisions will make it possible for PSLRB or adjudicators' orders to be filed in the Federal Court for purposes of enforcement.

Restriction on Lawsuits

In order to avoid multiple legal proceedings, a provision will prevent employees from bringing civil actions in respect of disputes relating to their terms and conditions of employment. Employees may seek redress exclusively under the *Act* and the *Federal Court Act*.

Five-Year Review

There will be a requirement to review the *Act* five years after its coming into force.

Coming into Force

The provisions of the new *Public Service Labour Relations Act* will come into force on a date or dates to be set by the government.

Federal: *An Act to amend the Criminal Code (criminal liability of organizations)*; Bill C-45, Assented to November 7, 2003

This Bill will establish a legal duty under the *Criminal Code* for all persons directing work to take reasonable steps to ensure the safety of workers and the public, and will set rules for attributing to organizations, including corporations, criminal liability for the acts of their representatives. These amendments to the *Criminal Code* will come into force on a date or dates to be set by the government.

Under current Canadian law, a corporation may be found liable for a *Criminal Code* offence, but it has largely been left to the common law, as developed through the courts, to determine the nature and scope of this liability.

In the new legislation, the term "organization" is used rather than "corporation." "Organization" includes "a public body, a body corporate, a society, a company," taken from the existing *Criminal Code* definitions, but adds "a firm, a partnership, a trade union or an unincorporated association."

The *Criminal Code* amendments build on recent reforms to Part II (Occupational Health and Safety) of the *Canada Labour Code* by imposing a legal duty on employers and those who direct work to take reasonable measures to protect worker and public safety. If this duty is wantonly or recklessly disregarded and bodily harm or death results, an organization may be charged with criminal negligence.

The *Bill* will also update the law on corporate criminal liability by ensuring that it reflects the current structures of modern organizations. Amendments will make corporations criminally liable:

- as a result of the actions of those who oversee day-to-day operations, but who may not be directors or executives;
- when officers with executive or operational authority intentionally commit, or direct employees to commit, crimes to benefit the organization;
- when officers with executive or operational authority become aware of offences being committed by other employees, but do not take action to stop them; and
- when the actions of those with authority and other employees, taken as a whole, demonstrate a lack of care that constitutes criminal negligence.

Organizations cannot be imprisoned and so the *Criminal Code* provides for fines. The new legislation will increase the maximum fine on an organization for a summary conviction, a less serious offence, from $25 000 to $100 000. There is currently no set limit on fines for indictable or more serious offences, and this will remain unchanged under the new legislation.

The new legislation also identifies factors that a court must consider in setting the level of fines. For example, judges will be asked to consider aggravating factors, such as the degree of planning or economic advantages gained by the organization in committing the offence. Mitigating factors may include measures taken by the organization to significantly reduce the likelihood of further criminal activity.

Under the new legislation, an organization that takes steps to ensure that it does not commit further crimes may be subject to a probation order, which may result in reduced fines in certain circumstances. A judge may elect to have the organization inform the public of the offence, the sentence and the remedial measures taken. A court may also impose conditions which may possibly avert future criminal occurrences by the organization, including the requirement to develop related policies and procedures and to appoint a senior officer to oversee their implementation.

British Columbia: *Skills Development and Labour Statutes Amendment Act, 2003*; Bill 37; Assented to October 23, 2003

In addition to amending the *Workers Compensation Act*, this Act will bring changes to British Columbia's *Employment Standards Act* (ESA). These amendments deal with many different provisions, including those pertaining to the administration of the *Act*, the banking of overtime wages and, most importantly, the hiring of children.

Employment of Children

Amendments to the ESA's provisions concerning the hiring of children were passed as part of the *Employment Standards Amendment Act, 2002*[1] but never came into force. Current provisions—which require that a permit be obtained from the Director of Employment Standards (the director) to employ a child under 15 years of age—would have been repealed and replaced by hiring or employment conditions set by regulation.

Bill 37 will repeal both the current provisions and the amendments mentioned above. A new section will require a person to obtain the written consent of a parent or guardian in order to employ a child under 15 years of age. Employing a child under 12 years of age will still require the permission of the director. The government will retain the power to make regulations establishing conditions of employment for children under 15 years of age to protect their health, safety, physical or emotional well-being, education or financial interests.

It should be noted that compulsory school attendance requirements under the *School Act* and age restrictions regarding certain occupations under occupational health and safety legislation will remain in place.

Minimum Wage Requirements

A new provision will prohibit an employer from deducting or withholding an amount from an employee's wages in one pay period to recover an amount that must be paid to the employee, in another pay period, to comply with minimum wage requirements.

Assignment of Wages

The director will no longer have the power to authorize an assignment of wages for reasons other than those specified in the ESA.

Banking of Overtime Wages

An employer will be allowed to close an employee's time bank after providing one month's notice to the employee. Within six months of closing the time bank, the employer will be required to pay the employee all overtime wages credited to the bank at the time it was closed, allow the employee to use the credited overtime wages to take time off with pay, or provide a combination of pay and time off.

In addition, the ESA will no longer require that overtime wages credited to an employee's time bank be paid or taken as time off with pay within a six-month time limit.

Administration of the ESA

Among other administrative changes, amendments contained in Bill 37 will:

- add a 30-day time limit for the director to vary or cancel a determination that has been appealed (counted from the date the director receives a copy of the appeal request);
- clarify that liability for unpaid wages extends to directors and officers of corporations, firms, syndicates or associations that are treated by the director as one employer under section 95 of the ESA; and
- require that a person who wishes to appeal a determination of the director to the Employment Standards Tribunal deliver to the latter, in addition to a written request specifying the grounds for appeal and any prescribed appeal fee, a copy of the director's written reasons for the determination.

This Bill will come into force by proclamation.

[1] This Act was described in the Fall 2002 issue of the *Workplace Gazette*, Vol. 5, No. 3.

British Columbia: Amendments to the *Employment Standards Regulation*; B.C. Regulation 375/2003 under the *Employment Standards Act*; Approved and Ordered October 23, 2003

The definition of "high-technology professional" has been broadened for the second time in less than a year.[2] It now also includes employees who are primarily engaged in applying their specialized knowledge and professional judgement in the process of developing scientific or technological products, materials, devices or processes (including prototypes) or in carrying out "scientific research and experimental development," as defined in subsection 248(1) of the *Income Tax Act (Canada)*. Thus, professionals in biotechnology and robotics now fall within the scope of this definition, in addition to previously covered information technology professionals. (However, the new definition specifically excludes persons employed to provide basic operational technical support.) Sales and marketing professionals of high technology (e.g. scientific/technological systems, products and processes, and scientific research) are also considered to be "high-technology professionals," unless their employment is in retail sales.

As was previously the case, high-technology professionals are not covered by the *Employment Standards Act*'s provisions regarding hours of work, overtime and statutory holidays (except for the prohibition on excessive hours).

These changes came into force on October 23, 2003.

Nova Scotia: *Retail Business Uniform Closing Day Act (amended) and Labour Standards Code (amended)*; Bill 2; Assented to October 30, 2003

This legislation has amended the *Retail Business Uniform Closing Day Act* to allow all retail businesses to open on the six Sundays before Christmas in 2003. A plebiscite will also be held during the next municipal elections, in October 2004. Voters will be asked two questions: whether to allow Sunday shopping in all retail businesses and, if so, whether it should be restricted to the six-week period immediately before Christmas or allowed throughout the year. Sunday shopping will not be allowed before 1 p.m. or after 6 p.m., nor on designated statutory holidays.[3] The provincial government will have the power to implement the decision of the plebiscite by regulation.

The legislation provides that owners and operators of retail businesses may not be required to operate on a Sunday, regardless of any lease or other agreement. Provisions also prohibit discrimination or retaliation (e.g. by refusing to renew a lease) against a person who refuses to operate a retail establishment on a Sunday.

Bill 2 has also amended the *Labour Standards Code* (LSC) to protect employees of retail businesses and to bring significant changes to other labour standards.

Protection of Retail Business Employees

Persons employed in retail businesses that were previously prohibited from opening on Sunday have the right to refuse to work on Sundays, regardless of the terms of their contract of employment or any other agreement.[4] Even after having

[2] Regulation 307/2002, which came into force on November 30, 2002, repealed and replaced the previous definition of "high technology professional". See *Workplace Gazette*, Vol. 6, No. 1, Spring 2003.

[3] Sunday shopping will not be allowed on the following days: New Year's Day, Easter Sunday, July 1st, Remembrance Day, Christmas Day and Boxing Day.

[4] These employees also have the right to refuse "to sign a contract of employment or agreement that requires [them] to work in a retail business on Sunday."

agreed to work on Sundays, they have the option of refusing to work on one or more Sundays if they notify their employer at least seven days in advance—or within two days of being notified of their shift schedule, if later.

Protection against Discrimination and Retaliation

Section 30 of the LSC ("No discrimination against complainant or witness") has been reinforced. Under previous provisions, employers were prohibited from discharging, laying off or discriminating against a person because that person, in accordance with the LSC, had made a complaint, testified in a proceeding, made a disclosure or taken—or shown an intention to take—a leave of absence provided for under the LSC. Bill 2 has made the following changes to section 30:

- extending the list of prohibited actions to make it unlawful for an employer to "suspend, intimidate, penalize or discipline" a person on such grounds;
- adding a clause prohibiting employers from retaliating against a retail business employee who has exercised (or attempted to exercise) his/her legal right to refuse to work on Sunday; and
- adding a subsection to place on the employer the onus of proving that a provision set out in section 30 has not been contravened.

Moreover, new provisions clarify that, among other remedies available when the LSC has been contravened, the Director of Labour Standards (the Director) and the Labour Standards Tribunal may order the reinstatement of an employee. The Director has also been given more flexibility to decide whether or not to "endeavour to effect a settlement" after receiving a complaint.

A new section also provides for specific remedies where an employer, contrary to the LSC's provisions, retaliates against a retail business employee for refusing to work on a Sunday. Where the Director determines that such a contravention has occurred, the employer must, by a specified date, reinstate the employee with no deterioration in the terms and conditions of his/her employment, pay the employee any wages or benefits lost due to the contravention, remove a reprimand or other references in the employee's records, and do the things that, in the Director's opinion, are necessary to secure compliance with the *Act*.

Annual Vacation

An amendment provides for an unbroken annual vacation of at least three weeks for employees who have more than eight years of service with their employer.

However, provisions regarding vacation pay were not modified. This means that minimum vacation pay remains fixed at four per cent of wages, regardless of an employee's length of service.

Overtime Rate

The overtime rate was increased from one and a half times the minimum wage, to one and a half times the employee's regular hourly wage. Overtime remains payable for hours worked in excess of 48 hours in a week.

Minimum Wage

A Minimum Wage Review Committee, composed of an equal number of employer and employee representatives appointed by the Minister of Labour, will be established. Its function is to conduct an annual review of the minimum wage and submit recommendations to the Minister in a report. The report and the response of the Government must be made public by the Minister within a specified period.

Sick Leave/Family Leave

Employees are now entitled to up to three days of unpaid leave per year. This leave may be taken due to family illness (i.e. the sickness of a child, parent or other unspecified family members) or for medi-

cal, dental or other similar appointments during the employee's working hours.

Penalties

Finally, penalties have been substantially increased for persons that are guilty of an offence under the LSC. On summary conviction, fines of up to $25,000 may be imposed on a corporation, $5,000 on an employer that is not a corporation or on a director of a corporation, and $2,500 on an employee. A person guilty of a second or subsequent offence is liable to a fine equal to double these amounts and/or three months of imprisonment.

Bill 2 came into force on October 30, 2003, the day it received Royal Assent.

Nova Scotia: *Labour Standards Code (amended) and Vital Statistics Act (amended)*; Bill 7; Assented to October 30, 2003

This Act will introduce new compassionate care leave provisions in the *Labour Standards Code* and bring consequential amendments to the *Vital Statistics Act*. This follows the adoption of the *Budget Implementation Act, 2003* (Bill C-28) by the Parliament of Canada in June 2003. The latter Act, which is slated to come into effect on January 4, 2004, will add compassionate care benefits to the other special benefits provided under the Employment Insurance Program and amend the *Canada Labour Code* to afford job protection to employees under federal jurisdiction who take compassionate care leave.[5]

Compassionate care leave provisions in Nova Scotia's *Labour Standards Code* will be generally similar to those in the *Canada Labour Code*. There are nevertheless some notable distinctions.

Employees covered by the *Labour Standards Code* who have been employed by their employer for a period of at least three months[6] will be entitled to take up to eight weeks of unpaid leave to provide care or support to a "family member" (i.e. a spouse, child or parent[7]) if a legally qualified medical practitioner issues a certificate stating that this person has a serious medical condition with a significant risk of death within a period of 26 weeks. In contrast to the new federal legislation, the period of leave will not have to be shared when two or more employees provide care or support to the same person: each employee who meets eligibility requirements will be entitled to the full eight-week unpaid leave.

Compassionate care leave will have to be taken within a specified period of 26 weeks. However, should the family member die before the end of this period, the leave will not extend beyond the last day of the week in which the death occurs. The *Act* also specifies that leave will have to be taken in periods of at least one week.

An employee will be required to notify his/her employer as soon as possible of any intention to take compassionate care leave. At the written request of the employer, the employee will also have to provide a copy of the medical certificate attesting to the family member's serious medical condition.

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[5] More information on Bill C-28 is available in the Summer 2003 issue of the *Workplace Gazette*, Vol. 6, No. 2.

[6] No such service requirements will appear in the *Canada Labour Code*.

[7] The definition of "family member" will also include a common-law partner, a child of the employee's spouse or common law partner and a spouse or common-law partner of the employee's parent. The Governor in Council will have the power to extend, by regulation, the list of family members with respect to whom compassionate care leave may be taken.

Enforcement and reinstatement provisions regarding pregnancy and parental leave will apply to an employee who takes compassionate care leave. Such an employee will also have the option of maintaining, during the period of leave, a benefit plan to which he/she participated prior to the leave. However, the employee will be required to pay the employer's share of the benefit plan cost, unless the employer consents to continue its contribution. The employer will be required to notify the employee in writing of the option to maintain a benefit plan and of the deadline for deciding whether or not to exercise that option.[8]

Finally, Bill 7 will amend the *Vital Statistics Act* to provide an employee with the right to take bereavement leave and compassionate care leave in relation to a person with whom he/she has a registered domestic partnership.

These amendments will come into force upon proclamation.

Nunavut: *An Act to Amend the Labour Standards Act*; Bill 42; Assented to November 5, 2003

Once it comes into force, this Act will add a new part to the *Labour Standards Act* (LSA) regarding compassionate care leave. These provisions will be very similar to those of the *Canada Labour Code*.[9]

Employees covered by the LSA will be entitled to take up to eight weeks of leave to provide care or support to a family member (i.e. a spouse, common-law partner,[10] child or parent of the employee, a child of the employee's spouse or common-law partner, or a spouse or common-law partner of the employee's parent)[11] if a qualified medical practitioner[12] issues a certificate stating that the family member has a serious medical condition with a significant risk of death within a period of 26 weeks. Where two or more employees provide care or support to the same person, the eight weeks of leave will be split between them.

Compassionate care leave will have to be taken within a specified period of 26 weeks.[13] However, the leave must end on the last day of the week in which the family member dies, if this occurs earlier. Although the eight weeks of leave may be broken up, it will have to be taken in periods of at least one week's duration.

There will be no length of service or notice requirements to qualify for compassionate care leave, nor will entitlement to Employment Insurance benefits be a precondition. A copy of the medical certificate will nevertheless have to be provided to the employer if the latter so requests in writing within 15 days of the employee's return to work.

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[8] The employee must be notified at least 10 days before the last day on which the option to maintain a benefit plan may be exercised without interrupting benefits.

[9] See *Workplace Gazette*, Vol. 6, No. 2, Summer 2003.

[10] "Common-law partner" is defined as a person cohabiting with the employee in a conjugal relationship, having so cohabited for a period of at least one year.

[11] The definition of "family member" may be extended by regulation. Moreover, any extension of the definition of "family member" under the *Canada Labour Code* or subsection 23.1(1) of the *Employment Insurance Act* (Canada) will also be incorporated by reference in the *Labour Standards Act*'s definition of "family member."

[12] A "qualified medical practitioner" is defined as "a person who is entitled to practise medicine under the laws of a jurisdiction in which care or treatment of the family member is provided." This definition will be expanded to include "a member or class of medical practitioner prescribed for the purposes of subsection 23.1(3) of the *Employment Insurance Act*.

[13] This period will be reduced if a shorter period is prescribed under subsection 23.1(5) of the *Employment Insurance Act*.

A section will also specifically prohibit employers from dismissing, suspending, laying off, demoting or disciplining an employee who has applied for compassionate care leave under the LSA, or from taking into account the intention of an employee to take such leave in any decision to promote or train the employee.

This Act will come into force on the same date as section 27 of the *Budget Implementation Act, 2003* (Canada)—i.e. January 4, 2004.

Nunavut: *Human Rights Act*; Bill 12; Assented to November 5, 2003

The purpose of this Act is to replace the *Fair Practices Act* and reform human rights legislation in Nunavut, while taking into account Inuit culture. It will expand the list of prohibited grounds of discrimination, establish an independent Human Rights Tribunal and put in place a new process for hearing and resolving issues concerning human rights. Although this legislation bears some resemblance to the Northwest Territories' *Human Rights Act*, which was adopted in the fall of 2002, there are nevertheless many important differences between the two laws.[14] Following are the most significant elements of Nunavut's *Human Rights Act* (HRA) with respect to employment-related issues.

Interpretation and Application

In terms of the HRA's application, provisions specify that nothing in the *Act* will abrogate or derogate from the protections provided for in the Nunavut Land Claims Agreement, or from any existing aboriginal and treaty rights under section 35 (Recognition of existing aboriginal and treaty rights) of the *Constitution Act, 1982*.

Prohibited Discrimination

Nunavut's *Human Rights Act* will provide protection against discrimination and harassment on the following grounds: race, colour, ancestry, ethnic origin, citizenship, place of origin, creed, religion, age, disability, sex, sexual orientation, marital status, family status, pregnancy, lawful source of income and a conviction for which a pardon has been granted. Protection against discrimination on the basis of sex will be deemed to include protection against discrimination on the basis that a person may become pregnant or, regardless of whether the person is male or female, that he/she may adopt a child. As for the term "disability," it will be defined as "any previous or perceived mental or physical disability", including "disfigurement and previous or existing dependency on alcohol or a drug." In addition, individuals will be protected from discrimination on the basis of their association or relationship, whether actual or perceived, with an individual or class of individuals identified by a prohibited ground of discrimination.

As is currently the case in the *Fair Practices Act*, the HRA will prohibit discrimination in employment, including any term or condition of employment, whether such term or condition was prior to or is subsequent to the employment. However, this provision will not affect, with respect to age and marital status, the operation of any genuine retirement or pension plan, or the terms of a genuine group or employee insurance plan. Nor will it prevent certain employment practices based on justified occupational requirements, if accommodating the needs of an individual or group of individuals would impose undue hardship[15] on an employer. Moreover, not for profit organizations, societies and corporations of a charitable, educational, fraternal,

[14] The *Human Rights Act* of the Northwest Territories was outlined in the Spring 2003 issue of the *Workplace Gazette*, Vol. 6, No. 1.

[15] The *Act* defines "undue hardship" as "excessive hardship as determined by evaluating the adverse consequences of a provision in this Act that requires a duty to accommodate, by reference to such factors as (a) health and safety; (b) disruption to the public; (c) effect on contractual obligations; (d) cost; and (e) business efficiency."

religious, athletic, social or cultural nature, or operated primarily to foster the welfare of a religious or racial group will, under specified circumstances, be entitled to give preference in employment to an individual or group of individuals. A similar exemption will apply when hiring a person to provide personal services[16] in a private residence.

An additional provision will forbid harassment of any individual or group of individuals on the basis of a prohibited ground of discrimination in matters related to employment or with respect to membership in an employees' organization, trade union, trade association, occupational or professional association or society, employers' organization or co-operative association or organization. Furthermore, it will be unlawful for such organizations and associations to exclude from full membership any individual or class of individuals, expel, suspend or otherwise discriminate against any of its members, or discriminate against an individual "in regard to his or her employment by an employer" on the basis of a prohibited ground of discrimination unless, (1) this is done in good faith and with reasonable justification and, (2) accommodating the needs of the individual or class of individuals would impose undue hardship.

Rules governing employment applications and advertisements in the HRA will be akin to those currently found in the *Fair Practices Act*.

Absence of Equal Pay Provisions

Contrary to the *Fair Practices Act*, the HRA does not contain any equal pay provisions. (Currently, the *Fair Practices Act* is the only Nunavut statute requiring employers to pay female employees the same rate of pay as male employees for similar or substantially similar work.)

Human Rights Tribunal

The HRA provides for the establishment of a Human Rights Tribunal (the Tribunal), composed of members appointed by the government who have "an interest in and a sensitivity to human rights and to Inuit culture and values that underlie the Inuit way of life." The Tribunal will be responsible for enforcing the HRA, including receiving, hearing and settling complaints, as well as preparing an annual report. In contrast with most other jurisdictions in Canada (except British Columbia), there will be no Human Rights Commission in Nunavut, nor any specific procedures for the investigation of complaints.

Complaints and Adjudication

An individual or group of individuals aggrieved by a contravention of the HRA will be able to file a notification with the Human Rights Tribunal, generally within two years of the last alleged instance of the contravention. A notification may also be filed by someone on behalf of another person or a group or class of persons. In that case, however, the Tribunal will have to refuse to accept the notification if satisfied that it was filed against the will or that proceeding with the notification is not in the interest of the alleged victim(s) of discrimination.

The Tribunal will have the power to dismiss a notification that is trivial, frivolous, vexatious or not made in good faith, or filed after the expiration of the two-year delay. It may also dismiss a notification where, in its opinion, there is no evidence of discrimination on a prohibited ground, undisputed facts clearly provide a defence, or the person who filed the notification has refused a reasonable offer of settlement.

[16] "Personal services" is defined as "work of a domestic, custodial, companionship, personal care, medical care, child care, or educational nature, or other work within a residence that involves frequent contact or communication with persons who live in the residence."

Before holding a hearing with respect to a notification, the Tribunal may assist the parties in reaching a settlement. Should an ensuing settlement agreement be breached, its terms may be enforced in the same manner as an order of the Tribunal (but only to the extent that the Tribunal has the power to make an order regarding the terms of the agreement).

Where a notification has neither been dismissed nor settled, the HRA provides that the Tribunal will hold a hearing.[17] If it finds that the notification has merit in whole or in part, the Tribunal will have the power to order a party to cease contravening the *Act* or regulations, to compensate an injured party for losses (which may include the payment of an amount for injury to dignity, feelings or self-respect and/or an amount for any malice or recklessness involved in the contravention), to hire or reinstate a person, to adopt an affirmative action program, or to take any other action that the Tribunal deems appropriate having regard to Inuit culture and values. The Tribunal may also make a declaratory order that the conduct that was the subject matter of a notification, or similar conduct, is discrimination contrary to the HRA and its regulations. In addition, the Tribunal may order, in some cases, that a party pay all or some of the costs of another party. With respect to false claims, it can also order the payment of damages for injury to a person's reputation.

A party to a notification will have 30 days to appeal a decision or order of the Tribunal to the Nunavut Court of Justice, from the date it has been served. However, such an appeal will only be allowed on questions of law.

Moreover, the HRA will provide for special remedies, allowing a person to apply for a court order or an injunction in specified circumstances to ensure compliance with key aspects of the *Act*.

Penalties

A person who fails to comply with an order or decision of the Tribunal or a court under the *Act*, or who discharges, suspends, intimidates or retaliates against an individual for notifying or attempting to notify the Tribunal of a contravention or for assisting in the application of the *Act* (e.g. giving evidence in a proceeding), will be liable to a fine of up to $25,000 on summary conviction.

Coming Into Force

Most of the *Act* will come into force on November 5, 2004—i.e. one year after the day it received Royal Assent—except sections establishing the Human Rights Tribunal (sections 16 to 19), which came into effect on the date of assent.

Prince Edward Island: Proclamation, *An Act to Amend the Employment Standards Act*; Gazetted November 1, 2003

Amendments to the *Employment Standards Act*, which were described in the summer 2003 issue of the *Workplace Gazette* (Vol. 6, No. 2), will come into force on January 1, 2004.

Yukon: *Act to Amend the Employment Standards Act*; Bill 38; Assented to November 17, 2003

This Act, in a similar manner as legislation passed earlier by the federal jurisdiction, Nova Scotia and Nunavut, will provide for compassionate care leave under Yukon's *Employment Standards Act* (ESA).

For the most part, Yukon's compassionate care leave provisions will be nearly identical to those of Nunavut (described above): the maximum duration of such a leave will be eight weeks (leave being shared where more than one person provides care and support for the same family member); leave will have to be taken in periods of at least one week; there will be no

[17] Hearings will be open to the public unless the Tribunal decides, on its own initiative or at the request of a party, that there are sufficient reasons to justify holding all or part of the hearing in private.

service or notice requirements, although a medical certificate attesting to the family member's serious medical condition and significant risk of death within 26 weeks will have to be issued by a medical practitioner, a copy of which the employer may require in writing.

The main difference in comparison to legislation in Nova Scotia, Nunavut and the federal jurisdiction is that Yukon's ESA will stipulate that leave may be taken to provide care or support to an "immediate family member," defined as "a spouse, parent, child, including a child to whom the employee stands in the place of parent, brother, sister, father of a spouse, mother of a spouse, step-mother, step-father, grandparent, grandchild, son-in-law, daughter-in-law, and any relative permanently residing in the employee's household or with whom the employee resides." (In the ESA, the term "spouse" includes a person with whom the employee "cohabited as a couple for at least 12 months" immediately before the beginning of the leave.) The scope of compassionate care leave in Yukon will therefore be significantly broader than in the other jurisdictions mentioned above.

Moreover, leave will have to be taken during the period starting on the first day of the week in which a medical certificate has been issued and ending on the last day of the 26th week following. Regardless of whether or not this period has expired, leave must end on the last day of the week in which the immediate family member dies. In comparison with provisions in other jurisdictions, Yukon's legislation will not allow leave to start earlier than the week in which the medical certificate is issued. Furthermore, the ESA will contain no provisions regarding a possible shortening of the period during which leave may be taken.

Finally, employees who avail themselves of compassionate care leave will be entitled to the same job protection as those who take sick leave or bereavement leave under the ESA. The Director of employment standards will have the power to order an employer who has contravened these provisions to comply with the *Act*, to reinstate an employee and pay him/her any wages lost due to the contravention or, instead of reinstating the employee, to pay the latter compensation for lost wages. It should be noted that the ESA will not specifically protect an employee's seniority and benefits while on compassionate care leave.

This Act will come into force on January 4, 2004.

For additional information on recently adopted or proposed changes to Canadian Labour Laws, please visit the Labour Program Website at

http://labour-travail.hrdc-drhc.gc.ca/.

and click on "Canadian Labour Law Information."

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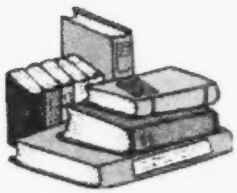

Mental Health in the Workplace

Fitter, Fawn and Beth Gulas. **Working in the Dark: Keeping Your Job while Dealing with Depression.** Center City, Minn.: Hazelden, 2002.
HRDC HV3005 F57

This guide offers a step-by-step self-assessment approach to help employees protect and manage their working lives while receiving treatment for depression. Topics addressed in a question-and-answer format include how depression manifests itself at work; coping strategies to help the employee during depressive episodes; determining whether the job is the problem and if so, how to handle the situation; deciding whether and how much to tell the employer about the illness; and how to counter discrimination. The appendix lists a selection of American websites dealing with depression in the workplace.

Handbook of Mental Health in the Workplace. Edited by Jay C. Thomas and Michel Hersen. Thousand Oaks, Calif.: Sage Publications, 2002.
HRDC RC967.5 H36

This book discusses workplace mental health issues related to stress or more serious psychological problems. It is organized in five parts. Part I gives an overview of the issues. Part II presents current thinking and research on job stress and its impact on mental and physical health, as well as organizational interventions for reducing job stress and work-family conflict. Part III describes the most common disorders that may affect the workplace, focusing on their effect on the ability to work, causal factors, and treatments. Part IV explores effects in the workplace of behaviour not in standard diagnostic categories, such as anger or grieving. Part V describes how mental health issues should be addressed in designing workplace policies and accommodations for psychological disabilities.

The Handbook of Work and Health Psychology. Edited by Marc J. Schabracq, Jacques A.M. Winnubst and Cary L. Cooper. 2nd ed. New York: J. Wiley & Sons, 2003.
HRDC HF5548.8 H3813 2003

This revised edition has been updated with the latest research findings in the new interdisciplinary field of work and health psychology. Following an overview of the underlying concepts of work and health psychology, the book considers specific issues, e.g. new technologies and stress; coping and stress among women workers; and issues of the second career half. Preventive and remedial workplace interventions are surveyed, for example, job design to improve well-being and health, contributions of the learning organization and coaching and counselling.

Mental Health and Productivity in the Workplace: A Handbook for Organizations and Clinicians. Edited by Jeffrey P. Kahn and Alan M. Langlieb. San Francisco, Calif.: Jossey-Bass, 2003.
HRDC RC967.5 M43

This comprehensive and practical guide uses nontechnical language to describe individual and organizational mental health problems in the workplace and how they can be resolved. It focuses on: occupational concerns that include executive dysfunction, employment uncertainty and office politics; and on organizational issues such as chronic change, work-life balance, and the effects of organizational structure. The book also examines, from a workplace perspective, the most common employee mental health problems, including stress, depression, burnout, personality disorder and substance abuse.

Mental Health and Work: Issues and Perspectives. Edited by Lou Morrow, Irene Verins and Eileen Willis. Bedford Park, Australia: Commonwealth of Australia, 2002. On internet, <http://auseinet.flinders.edu.au/resources/auseinet/mhw/index.php>.
HRDC RC967.5 M46

This book is divided into five sections. The first section provides an overview of the links between mental health and over- and under-employment as well as unemployment. Section Two looks at work and identity over a wide range of themes, including the relationships between race, culture, gender, age and work identity. Section Three concerns work and safety issues, presenting interventions to deal with workplace bullying and violence. Section Four considers the relationship between work, emotion and mental well-being. The final section discusses a range of preventive as well as remedial interventions at the individual and organizational level to enhance mental well-being in the workplace.

Work and Mental Health: An Employers' Guide. Edited by Doreen M. Miller, Maurice Lipsedge and Paul Litchfield. London: Gaskell, 2002.
HRDC RC957.5 W67

This book aims to describe good practice in the field of mental health at work, and addresses both clinical problems and organizational issues. It provides practical examples of stress management and workplace mental health promotion in programs developed by a number of high-profile organizations in the United Kingdom.

NOTES

1. *For other available references in French language only, see the French version of the Workplace Gazette / Gazette du travail.*

2. *Employees of the Development can borrow these items from the Departmental Library. Others can borrow them through their own library.*

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YESTERDAY and TODAY

Suzanne Payette
Workplace Information Directorate
Labour Program

Older Workers—Still Willing and Able to Work

Fifty Years Ago...

In December 1953, the *Labour Gazette* featured an article regarding the need for a change of attitude toward older workers, stating that "a change in our whole attitude to the employment of older workers is necessary if we are to prevent a waste of human resources. (...) Advances in medical science since 1900 have extended the average life span by 20 years. One of the problems of an ageing population is that of finding useful and productive employment for older persons still willing and able to work. Although a worker's calendar age may bear little relationship to his ability to do a job, it has become increasingly difficult after a certain age to find suitable employment in industry. (...) Our problem is to readapt our thinking so that we can keep our senior citizens from becoming 'displaced persons,' cut adrift from their intellectual, cultural and spiritual anchors, existing among us but not really a vital and essential part of our society. Our task then must be to make sure that the extra years that have been added to human life will be useful, satisfying and productive years. Society must not take away the years which science has provided."

Today...

The issue is even more prevalent and current. Demographics demonstrate that the median age of the Canadian population is at an all time high of 37.6 years according to Statistics Canada Census 2001 data, compared to a median age of 25.4 years in 1966. The over 65 age group now represents 13 per cent of the population, compared to 7.5 per cent in 1961. The proportion is expected to double in the next 10 years as baby boomers (born between 1947 and 1966) make their way into the over 65 age group. The average age of workers is close to 50 in a number of large organizations. Organizations reporting demographic studies indicate that approximately one quarter of their staff could retire in the next five years and as many as one half would be eligible for retirement in the next 10 years. A smaller number of labour force entrants will create an overall labour shortage which may be exacerbated by further shortages in critical skills. These conditions may provide a major impetus for organizations to review their policies and practices related to retirement. Whereas retirement incentives and voluntary retirement packages were a solution to workforce reductions, one may see a shift towards induce-

ments for not retiring and working beyond retirement. Measures to protect a dwindling labour force in general and critical skills shortages in particular may include progressive retirement practices and working part-time well into retirement years. Recognizing and incensing such behaviours may be ways of easing such shortages and may play a role in changing attitudes towards older workers and their contribution to a productive life in Canada. Cost of publicly funded retirement plans may also bring about changes in retirement income funding whereby eligibility for pension benefits is pushed back to an older age, alleviating the social costs borne by a smaller labour force complement. The issue of an ageing workforce continues to be a challenge for employers, unions and governments.

Workplace Information

Information sur les milieux de travail

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Wage Settlements Bulletin

A monthly publication providing the most up-to-date information and analysis of major wage developments in collective bargaining in Canada. The Bulletin is a valuable and recognized reference source providing statistical and analytical information illustrated with useful charts and tables on recent wage developments. The aggregate data and details are published in the following groupings: public and private sectors, regions and jurisdictions, and major industry groups. **Subscription**: Canada, 1 year: $220 or 2 years: $400 plus 7% GST; other countries, 1 year: US$220 or 2 years: US$400 (available by e-mail and mail).

Workplace Gazette

A quarterly publication providing data on wage adjustments from major collective bargaining settlements in Canada by public and private sectors, by region, by jurisdiction and by major industry; detailed analysis of selected provisions in major agreements; a chronological perspective on work stoppages; and, information on innovative workplace practices resulting from collective bargaining. It also features articles and case studies on pertinent industrial relations matters. **Subscription**: Canada, 1 year: $140 or 2 years: $250 plus 7% GST; other countries, 1 year: US$140 or 2 years: US$250 (available by mail only).

Collective Bargaining Bulletin

A monthly publication containing timely information based on recently signed major collective agreements in Canada. The publication focuses on summaries of changes to wages and benefits in selected settlements, the status of key negotiations as well as data on work stoppages. Also included is a list containing major settlement reports currently available on the Negotech database. **Subscription**: Canada, 1 year: $65 or 2 years: $110 plus 7% GST; other countries, 1 year: US$65 or 2 years: US$110 (available by e-mail and mail).

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